

**S**ewer

**A**vailability

**C**harge

Procedure Manual



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MCES Mission: We partner, plan, and provide services to protect our region's water.

MCES Vision: Clean water for future generations.

MCES Values: Respect, inclusiveness, integrity, commitment, excellence.

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# Sewer Availability Charge (SAC) Procedure Manual

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# 1. MCES CONTACT LIST FOR SAC QUESTIONS

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**Customer community reporting forms and procedures; General SAC policies and procedures; SAC community reviews; SAC training**

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## 2. DEFINITIONS

**Accessory Use:** Uses in a tenant space that are secondary in nature to the main use when utilizing the gross square foot criteria. The accessory use must remain less than 10% of the total gross square feet for the main use criteria to apply. If the accessory use exceeds 10% of the total gross square feet, a multiple use gross square foot criteria is applied.

**Add-on Service Charge:** Previous name for what now is called the Temporary Capacity Charge.

**Apartment:** A suite of rooms designed as a residence and generally located in a multi-dwelling unit building. A qualifying discounted apartment is a building with 4 or more dwelling units with no plumbing for individual laundry facilities in any of the units.

**Assigned SAC Baseline:** A number calculated by MCES for each permitted industrial user that represents the total previously paid or allotted wastewater discharge capacity for the industrial wastewater flow from each permitted site. Note that assigned SAC baseline is different from a SAC credit. The assigned SAC baseline is only used for permitted industrial user's (potential) industrial capacity charge each reporting period. Any remodel, addition or new building built on an industrial property follows the commercial SAC procedures as listed in Section 5.2.1. If the permitted industrial user is operating below their assigned SAC baseline, these are not "credits" to offset SAC due for remodels, additions, or new buildings on the site.

**Auxiliary Use:** Additional criteria that are added to the gross square foot criteria when utilizing the gross square foot criteria. These may include car wash bay, parking garage, kidney dialysis, tennis courts, whirlpool/tub, go carts, golf/driving range, bowling/throwing lanes, and process discharge.

**Baseline:** Used for industrial properties only, the baseline was the flow documented at the end of 1991 if the industrial wastewater was discharged into the metropolitan disposal system in 1991 under a permit issued by MCES (then known as Metropolitan Waste Control Commission (MWCC)). Industrial wastewater discharged under a permit issued by MCES is referred to in these procedures as a "permitted" use.

**Campus:** A specific contiguous geographic location that can be identified by a particular address, or addresses, or property identification description(s) that has a single owner. It may be an entire campus of buildings such as a corporate campus (e.g., 3M), college/university, fairgrounds or permitted industrial user. All campus consideration requests must be remitted to MCES for approval. (Note: malls, retail centers, multi-tenant buildings are not considered campuses.)

**Capacity Demand:** The maximum potential capacity that the public sewers must be prepared to serve. For commercial properties, the demand is determined by the criteria in Appendix A. For permitted industrial users, the demand is individually determined based on discharge volume from industrial wastewater and commercial criteria.

**Capacity Demand Review:** This definition was used prior to January 1, 2019 but is no longer used. The industrial capacity charge has replaced this. Previously, every permit renewal cycle (three or five years depending on the type of Industrial Discharge Permit), MCES reviews permitted industrial users and compares their current discharge volume (capacity demand) with their assigned SAC baseline. If a permitted industrial user whose discharge exceeds their assigned

SAC baseline does not reduce its water discharge, additional SAC is assessed against the customer community (community) within which the permitted industrial user is located.

**Commercial Property:** Any property connected either directly or indirectly to the metropolitan disposal system that is not considered a residential or industrial property per MCES definitions. This includes governmental and institutions, such as schools, hospitals, churches, etc.

**Commercial SAC:** The SAC associated with the capacity demand created by a building and its occupants. Commercial SAC must be collected for all commercial and industrial properties. It is separate from industrial wastewater (e.g., process discharge).

**Community Review:** An audit-like review by MCES of a community's SAC records and payments. SAC training of community staff is also available upon request. MCES reviews all community SAC records and payments at least once every three years.

**Community-Wide Credit:** A SAC credit that the community uses anywhere within the community to offset current SAC payments that would otherwise be due. Community-wide credits must be taken at the time of the permitted or licensed new use on the SAC Activity Report during the reporting period in which the permit was issued. (e.g., A permit issued in September 2019 for a determination that resulted in 2 net credits that the community wants to take community-wide must be reported on the September/3<sup>rd</sup> Quarter SAC Activity Report and entered on the SAC-A form.) Community-wide credits are not able to be retained or "banked" for specific properties for a later date. They deduct from the current SAC units due. *See also "Site-Specific Credit".*

**Comprehensive Plan:** The comprehensive plan and all plan amendments of each community described in Minnesota Statutes 473.858 to 473.862.

**Condominium:** A multi-dwelling unit building in which the units are individually owned.

**Credit:** A SAC credit is an MCES measurement of sewer capacity (in SAC units) that has been or is being permanently freed up within the jurisdiction of a community.

**Customer Community (Community):** Any city, township, domestic dependent nation, or authorized building authority served by the metropolitan disposal system.

**Demolition:** A demolition (for SAC purposes) occurs when an entire building or structure is torn down, destroyed, or moved off site. To preserve the potential for SAC credits on the site, the Demolition Declaration (Form SAC-D) is required to be reported to MCES. If a demolition report was not filed by December 31, 2018, for a demolition that occurred prior to January 1, 2009, there is no demolition credit for that use. See Section 5.5.5.

**Demolition Credit:** A demolition credit is only a potential credit for the future new use on the site. A reported demolition credit only records the number of future potential credits. A demolition must be reported in order for it to be credited to the new use on the site.

**Determination:** The computation of SAC unit(s) required for a site (usually based on building plans). A determination should be completed by MCES Finance or the community when a modification is made to the SAC use of the site or a new use occurs on the site.

**Determination SAC Letter:** If MCES completes a determination review, a letter will be sent electronically (e.g., PDF) to the community and a copy to the determination submittal applicant that states the SAC units to be paid by the community to MCES. (The community will determine the charge property/business owners pay through local SAC.)

**Direct Connection Fee:** When private entities are permitted to directly connect to an MCES interceptor or other facility, a fee may be required to cover the engineering and administration of

the connection. This direct connection fee is separate from SAC that is levied against the community for capacity requirements.

***Dwelling Unit:*** A building (or portion thereof) designated as a residence for a single family.

***Full-Time Equivalent (FTE):*** Hours of regular employment in a year divided by 2080. This is limited to employees as defined by the IRS. Contractors of any type are not considered employees.

***Good Faith:*** Good faith is usually demonstrated by fulfilling the expected roles and responsibilities of the community that are listed in Section 4.2, including but not limited to: a) filing SAC reports on time (without repeated errors); b) resolving community review findings within 60 days of the date of the community review letter; and c) following through on commitments to MCES staff to improve community SAC practices and procedures.

***Grandparent Demand:*** A potential non-conforming credit benefit to a community which allows use of wastewater capacity on a site even without payment of SAC for the site, if and where it can be shown that the demand had been in existence and connected to the metropolitan disposal system prior to January 1, 2009, and into 2009. See Section 5.2.2.4. The last known permitted or government documented use would be the potential credit.

***Gross Square Feet (GSF):*** The total area within exterior business walls, that excludes stairwells and landings, elevators and elevator shafts, vestibules, and equipment/mechanical rooms with an outdoor entrance only. For business types with outdoor space, an outdoor use GSF is calculated using the same method as indoor GSF.

***Gross Square Foot Credit:*** A potential non-conforming credit benefit to a community which allows use of wastewater capacity on a site (previously paid and reported to MCES) to be calculated on the GSF criteria, when the gross square foot calculation is greater than SAC paid.

***Incidental Use:*** Spaces inside a tenant space or business that are included in the main occupancy when utilizing the gross square foot criteria (e.g., meeting rooms, shower/locker rooms, cafeteria in office/warehouse building, and floor drains.)

***Industrial Capacity Charge (ICC):*** A fee charged directly to permitted industrial users for any volume that exceeds a permitted industrial user's ICC threshold at each reporting period.

***Industrial Capacity Charge (ICC) Threshold:*** The volume of wastewater equivalent to the assigned SAC baseline of a facility multiplied by the number of operating days, or discharge days for water treatment plants. This value could change each reporting period.

***Industrial Discharge Permit:*** A permit issued by the Council to a permitted industrial user to use the metropolitan disposal system.

***Industrial Property:*** Any property that is discharging industrial wastewater either directly or indirectly to the metropolitan disposal system. Note that many businesses commonly termed "industries" are not industrial properties for SAC purposes. MCES considers these to be commercial properties. MCES will make the final determination regarding industrial property classifications consistent with its Waste Discharge Rules. An industrial property will have both commercial SAC (for the building and its occupants) and industrial wastewater (for the industrial process discharge).

***Industrial Wastewater:*** Any solid, liquid, or gaseous waste, excluding domestic waste, resulting from any industrial, manufacturing, commercial, institutional, or business activity, or from the development, recovery, or processing of a natural resource. Any waste that is transported by a liquid waste hauler and disposed into public sewers is industrial wastewater. Any leachate,

contaminated groundwater, or surface water, with the exception of inflow and infiltration of clear water disposed into public sewers, is also industrial wastewater.

***Inflow and Infiltration (I/I):*** Infiltration is clear groundwater that seeps into sewer pipes through cracks or joints in the pipes and inflow typically originates from a single point, i.e., sump pumps, foundation drains, or storm water entering openings in the sewer access covers. MCES design standards allow for a certain amount of I/I; the remainder is excess I/I that reduces the capacity of the metropolitan disposal system and is subject to surcharge by MCES. See <https://metrocouncil.org/Wastewater-Water/Planning/Wastewater/Inflow-and-Infiltration.aspx>

***Leachate:*** Liquid that has originated within or has percolated through refuse or the protective cover of a landfill.

***Local Government Unit:*** See “Customer Community”

***Local SAC:*** The actual total fee paid by or for the property or business owner(s) to the community, which may include Metropolitan Council SAC passed on by the community and any local add-on charges. These fees vary widely between communities and could add *substantially* to the total SAC costs of a property or business owner.

***Look-Back Period (LBP):*** This definition was used between 2010-2012 but is no longer used. The LBP was the period of time prior to a determination that MCES looked at demand to determine applicable credits when a SAC determination occurred. The LBP was the seven full years prior to the new SAC determination or permit issuance and that part of the current year up to the determination or permit issuance. There were no net credits made available during the look-back period.

***Maximum Demand:*** For residential properties this is 1 SAC unit = 274 gallons per day of capacity availability.

For commercial properties it is the highest capacity demand in SAC units, based on the actual SAC paid for the site at any time, less any SAC credits removed from the site by the community. In addition, two unpaid non-conforming situations are recognized as establishing the demand (for possible credit) on a site. These non-conforming situations are grandparent demand that has been in existence prior to January 1, 2009, and into 2009 and gross square foot credit when there is record of SAC reported to MCES, but the gross square foot criteria calculation is greater. In both types it is also possible that a community removed some credits, reducing the capacity recognized for a site.

For industrial properties it is the assigned SAC baseline which is the highest recognized demand determined during the industrial permittees reporting period or a special review that resulted in additional SAC being paid after the most recent reporting period.

***Metropolitan Area:*** The seven-county metropolitan area over which the Council has statutory jurisdiction pursuant to Minnesota Statutes section 473.121, as may be amended from time to time. Hanover and Rockford (in Hennepin County), New Prague (in Scott County), and Northfield (in Dakota County) are currently excluded from the Metropolitan Area.

***Metropolitan Council Environmental Services (MCES):*** The division of the Metropolitan Council (Council) responsible for the regional wastewater conveyance and treatment operations, industrial wastewater management, water quality monitoring and water supply planning.

***Metropolitan Disposal System:*** All facilities (e.g., pipes, meters, lift stations or wastewater treatment facilities) that are part of MCES’ sewer service area and owned by the Council. These are



generally the wastewater treatment facilities and related conveyance systems in the metropolitan area.

**Net Credit:** This is a SAC credit, based on SAC previously paid, over the amount needed on a site being redeveloped. At a communities' option, these are allowed to be accumulated throughout the community (community-wide credits) or retained for the future use on the site from which they are derived (site-specific) when certain situations apply. Note that no net credits are derived from non-conforming gross square foot (i.e., where the credit is derived from utilizing the gross square foot criteria in place of SAC paid). Net credit from non-conforming grandparent demand is allowed to be retained as a site-specific credit for future use on the site but only for five years after a new use has occurred. See Section 5.2.2.4.

**Net SAC:** The gross SAC determination charge for the use being permitted less any applicable credits. Net SAC units are rounded to the nearest whole number (i.e., 2.49 is rounded to 2, while 2.50 is rounded to 3). A determination that includes a new building replacing a demolished building shall have each of the new and demolished buildings rounded to the nearest whole number. (i.e., A new 2 SAC park shelter is replacing a 1 SAC demolished park shelter; both the new and the demolished building is rounded to the nearest whole number to calculate the net SAC.)

**New Use:** The redevelopment of a property for a different use, as evidenced by a) a building permit; b) other type of permit or license issued by a community; or c) certain other official governmental actions, subject to MCES approval. Previously approved other official actions and the evidence presented to MCES have included: a) expenses to pave a site as a parking lot; b) a resolution by a community to designate a site as park land; c) approval as a right-of-way for a road; d) evidence that the site is unbuildable under community codes; e) zoning and comprehensive plan changes for a site that limit the future use; and f) water-use restrictions that limit the use of the property approved by community Council resolution or community ordinance. A subdivision of a single parcel into multiple parcels for redevelopment constitutes a new use. Existing credit rules would apply.

*Note:* An existing business that is remodeling or adding on would not be considered a new use.

**Non-Conforming Credit:** Either a grandparent demand or gross square foot.

**Permitted Industrial User:** Any user of the metropolitan disposal system who discharges industrial wastewater is subject to MCES permitting requirements. The user shall complete an Industrial Discharge Permit application or Wastewater Discharge Survey, as required by MCES.

**Phased Development:** Any area where the community or developer is formally redeveloping a defined contiguous area with multiple properties over an extended period of time. See section 5.4.3.

**Phased Development Plans:** These plans generally must include: the geographical area being redeveloped; the number, type, and location of the properties; number of potential credits; type of development planned (including identification of buildings expected to include process discharge from industrial development); and the expected year of development for each phase/area.

**Process Discharge:** See industrial wastewater.

**Publicly-Assisted Housing:** Publicly-assisted housing or housing that qualifies for government subsidy of rents based on resident's income.

**Publicly-Owned Treatment Plant:** A wastewater treatment plant owned by the community that it services. This does not include cluster systems, 201 systems, septic systems of any type, and similar treatment works that are not available to the general public in the service area.

**Rebate Program:** January 1, 1973, through December 31, 1986, MCES' predecessors collected SAC on all development, even where and when sewer availability was uncertain. During 1987 through 1989, MCES allowed communities to receive rebates on those properties that were not connected to sanitary sewer on a voluntary basis for these paid but unused SAC.

**Residential Property:** A property that is used exclusively for permanent human living space, including single family homes, apartments, attached homes, townhouses, cooperative housing, condominiums, and manufactured homes. It does not include motels/hotels, camps, nursing homes, or prisons.

**Rural Center:** The Council's definition of certain communities outside the traditional urban area, but within the metropolitan area, for comprehensive planning purpose.

**Sewer Availability Charge (SAC):** The MCES charge to communities, pursuant to Minnesota Statutes section 473.517 subd. (3) for their portion of reserved capacity in the metropolitan disposal system.

**Site:** A specific, contiguous geographic location that can be identified by a particular address, or addresses, or property identification description(s). It may be a multi-tenant building or retail mall. Multiple buildings on one parcel with individual sewer connections are not considered one site.

**Site-Specific Credit:** A SAC credit restricted to future use only for the benefit of the specific site or campus for which a community paid SAC. Site-specific credits can be used anywhere within the same building but may not be moved to a different building on the same site. Demolitions are indicative only of *potential* credits, not actual credits.

**Temporary Capacity Charge:** For commercial properties, the temporary capacity charge is an option available to a community, as a substitute for SAC, when a temporary use of a property occurs for a specific project for a term of 36 months or less. It does not commit the Council to providing permanent capacity. Rather it is considered a "rental" of capacity and there is no future credit for any temporary capacity charge payments for a new use on the site. See Section 5.2.1.11 for more details.

For permitted industrial users, it is an option in select circumstances. Temporary capacity charge is invoiced to and paid directly by a permitted industrial user. It does not commit the Council to providing permanent capacity.

Payment of the temporary capacity charge is analogous to a temporary rental of metropolitan disposal system reserved capacity due to the temporary nature of a service.

**Waste Discharge Rules:** The Council's adopted rules for use of the metropolitan disposal system as authorized by Minnesota Statutes chapter 473 and may be amended from time to time.

**Water Treatment Facilities:** Any facility (public or private) intending to discharge an industrial waste from a water supply system into the metropolitan disposal system. Water treatment facilities are subject to SAC for the discharge demand.

### 3. DESCRIPTION OF THE SAC SYSTEM

The Sewer Availability Charge, or SAC, is a one-time fee that communities pay to Metropolitan Council Environmental Services (MCES) when a residence or business connects to the metropolitan disposal system for the first time. Communities also pay SAC when a business grows or changes the use of its space if the change creates more potential demand on the system.

SAC pays for the reserve capacity built into wastewater infrastructure to accommodate the demand of future users. Minnesota Statutes section 473.517, subdivision 3, has authorized this method for allocating future costs since 1973. The Metropolitan Council sets the SAC rate each year. It becomes effective the next January 1.

MCES assesses SAC based on the estimated maximum potential daily wastewater flow from individual properties. Single family houses, townhouses, condominiums, duplex units, and most apartments each equal one SAC per dwelling unit (defined as 274 gallons of daily wastewater capacity).

MCES determines SAC for non-residential properties as follows:

- **Commercial properties.** SAC is based on estimated maximum potential daily wastewater flow proportionate to 274 gallons per day (see Appendix A).
- **Industrial properties.** SAC has two components: the first is the commercial criteria; the second is the maximum daily industrial process wastewater flow.

#### 3.1 History of the SAC Program

While SAC has been levied by MCES since 1973, it was not part of the original rate structure of the regional sewer utility. MCES, then called the Metropolitan Sewer Board, was created in 1969 by Minnesota Statutes chapter 473C. The board's mandate was to provide service for the rapidly growing population in the metro area and to clean up the area's rivers and lakes. At the time the law was passed, metro area communities that were struggling to keep up with rapid growth were operating about 35 wastewater treatment facilities. Many treatment facilities served limited local areas and they often caused serious water quality problems in the lakes and rivers that received their effluent. Heavy capital costs were inevitable because the board needed to expand and improve treatment and collection capacity for a population that grew 20% in the 1950s and 23% in the 1960s.

The question facing the board in the early days was how to pay for the share of capital projects reserved for future users. Then, as now, the "reserved" share represents excess capacity built into the current capital projects, so that treatment facilities and interceptors provide capacity not only for today's population but for the population growth expected over the next 20 to 80 years. This reserved capacity does not include capacity for allowed inflow and infiltration (I/I), which is considered part of used capacity. However, excess I/I does take up reserved capacity that should be available for growth.

Building reserved capacity is more efficient. The physical sites of sewer pipes and treatment facilities seldom change, so major land acquisition occurs only once per site. Further economies of scale in construction make it more cost effective to provide some reserved capacity in these facilities when they are first built, rather than to make small, frequent expansions in capacity.

In 1971 and 1972, its first two years of operation, the board allocated the cost of reserved capacity to individual communities based on each unit's projected demand. However, many communities, particularly those in the early stages of development, found it difficult, if not impossible, to pay lump-sum charges for reserved capacity. These developing communities often had neither the

population nor the tax base to finance the cost of capacity they would need in future years. It quickly became apparent that an alternative method of paying for reserved capacity had to be developed. Following intensive study and discussion with communities, the board developed and instituted the SAC system of paying for reserved capacity in 1973.

While the SAC system proved acceptable to most communities in the early stages of development, other communities challenged the SAC system in court. In a District Court ruling, later upheld by the Minnesota Supreme Court, the SAC system was found consistent with state law authorizing SAC.

In 1986, the Metropolitan Waste Control Commission, successor to the Metropolitan Sewer Board and predecessor of MCES, again addressed the question of who should pay SAC. Discussions centered on the fact that some communities had not extended their sewers to all properties for which SAC had been paid. As a result, beginning in January 1987, a new SAC policy exempted SAC for those buildings that did not have sewer service available. Communities would pay SAC for exempted properties when hookup to the metropolitan disposal system became possible. The commission also approved a SAC Rebate Program that made rebates available to communities that paid SAC when buildings were not yet connected directly or indirectly to the interceptor pipes or treatment facilities. The program was optional. If communities accepted the Rebate Program, they were rebated the amount originally charged for service. Those not receiving rebates would receive credit when the buildings were connected to the disposal system. Communities had from January 1, 1987, through December 31, 1989, to apply for rebates.

In 2006, the Council adopted new procedures for SAC credits, but after discussion with communities the effective date of the procedures was delayed until January 1, 2010. The two major changes were: a) credits for a change of use (e.g., remodeling) would be based on the highest use in a look-back period, instead of the prior grandparent and SAC payment history; and b) no net credits from redevelopment of a site allowed (except that approved phased development plans allow a credit-like reservation for delayed, but planned, development).

In 2010, the Minnesota Legislature amended Minnesota Statute 473.517, subdivision 3 to recognize that occasionally the wastewater reserved capacity fund may not be able to pay the share anticipated, and some of the SAC requirement may need to be temporarily “shifted” from SAC to the municipal wastewater charges. A “SAC shift” was incorporated into 2011 and 2012 rates. This authority ended in 2015.

In late 2010, the Council adopted the recommendations of a year-long task force of SAC stakeholders. The report is available online.

In 2011, recommendations from the 2010 task force were implemented. These included a provision to allow a) a new temporary capacity charge as a voluntary (community choice) and temporary substitute for SAC for temporary wastewater demand, b) a change from two restaurant criteria to one, c) a change from two daycare facility criteria to one, and d) amend State Statute so that capital costs to provide additional capacity in the regional wastewater system would be paid by SAC – based on the principle “growth pays for growth”. However, the portion of the recommendation that required legislation was not introduced in 2011 and failed in 2012.

In 2011, an informal SAC work group recommended some improvements in outreach but did not support the idea of small business deferrals from MCES or a change in net credits that were also discussed. The report is available online.

In 2012, another informal work group did support substantial changes in credit procedures. These included resuming the generation of net credits where SAC was paid (but not for non-conforming demand); implementing a small business deferral program; and minor service changes. The report is

available online. The Council adopted these changes in late 2012, with a modification to allow for five years a site-specific credit for unused non-conforming grandparent demand.

In early 2013, the Council approved that community compliance with the SAC policies and procedures is made an explicit requirement of the Council Waste Discharge Rules (WDRs). The WDR authority is based on Minnesota Statutes 473, and under the General Pretreatment Regulations and Minnesota Rules chapter 7049.

In 2013 another task force, with members at the political level, including many mayors, looked at the big picture of whether and how the Council should use SAC to pay for reserve capacity in the wastewater system. A simplified version of the recommendations is that the Council should:

- Pursue a change in legislation so that SAC funds are used to pay for the full cost of growth (and no portion of other wastewater projects);
- Increase the threshold for the deferral program to 25 units (it was 10 units in 2013);
- Conduct a study basing SAC determinations on water meter sizes for commercial properties; and
- Retain the technical basis for SAC fees and not use SAC funds for non-wastewater purposes.

The Council accepted these recommendations and authorized the increased threshold for the SAC deferral program.

In 2014, MCES staff analyzed the possibility of using water meter sizes for SAC determinations. Based on a commissioned survey and study, it was determined that water meters are not a reliable determinant of SAC use. There is too much variability in how meters are chosen and installed.

In 2016-2017, MCES formed a task force in response to a legislative effort to waive SAC on outdoor seating, which did not pass. MCES agreed to convene a task force to discuss the current outdoor seating policy as well as other policies that merited review. The task force consisted of customer community administrators, finance directors, building officials, public works directors and business representatives. It was a joint effort between MCES and Metro Cities. The task force recommended that the Council should:

- Continue the outdoor seating policy as is, but simplify the criteria to 40 seats per SAC;
- Continue the current residential rate for manufactured homes, monitor flow studies and encourage grants;
- Revise the SAC determination process to utilize gross square feet of tenant space versus net square feet of individual uses for certain SAC criteria; and
- Adjust the SAC credit grandparent date from January 1, 1973, to January 1, 2009.

In March 2018, the Council accepted the recommendations of the 2016-2017 task force. The recommendations went into effect July 1, 2018. The final report from each work group and task force can be found at: [www.metrocouncil.org/SACtaskforce](http://www.metrocouncil.org/SACtaskforce)

In November 2018, the Council approved to implement an Industrial Capacity Charge (ICC) that went into effect January 1, 2019. The ICC will allow a permitted industrial user the option to pay SAC or ICC for any volume that exceeds their assigned SAC baseline at each reporting period. New permitted industrial users will also have the option to pay SAC or ICC for the process discharge portion of their initial SAC determination above a minimum of 3 SAC due on the initial determination.

### **3.1.1 SAC Policy & Rule Changes Pending**

In 2015, the Council sought legislation to change the amount SAC is required to pay to cover growth costs of capital projects only, and eliminate the 2015 sunset on the shift authority, which will be a positive factor for future bond ratings. These items have not been brought before the legislature since 2015.

### **3.2 SAC Determinations**

MCES is a wholesaler of wastewater services for the seven-county metro area. MCES collects SAC from, and grants SAC credit to, communities. Communities have the option to pass on their SAC costs to property or business owners. Communities are responsible for paying SAC to the Council whether they charge local SAC or not. Generally, communities issue permits (building, sewer connection or plumbing permits) or a business license indicating that development or redevelopment is occurring and that the demand for sewer service is likely to change. The change in demand triggers a SAC determination. MCES makes all determinations for industrial properties, while communities make all residential determinations and may make commercial determinations based on MCES criteria and guidance. MCES will assist communities in SAC determinations or conduct them upon request and will make the final decisions regarding the correct number of SAC units to assess. SAC determination application forms are on the SAC website [www.metrocouncil.org/SACforms](http://www.metrocouncil.org/SACforms). A description of the forms is in Section 5.2.1.5.2.

### **3.3 SAC Revenue**

MCES uses SAC revenue to finance the reserve capacity portion of the capital costs of the metropolitan disposal system, either directly (“pay-as-you-go” funding) or as debt service payments. The remaining portion of the capital costs, representing currently used capacity, is paid by the communities through a portion of their monthly municipal wastewater charges. Some think of SAC as paying for a piece of the wastewater infrastructure, making sewer service available, while regular sewer bills pay to treat wastewater for amounts actually measured.

The per-unit SAC to the community is determined and approved by the Council. The base rate is dependent on various factors, including the annual SAC requirement, the amount of the pay-as-you-go funding anticipated, the SAC reserve balance, and the number of SAC units forecast to be collected.

*Thrive MSP 2040* and the *2040 Water Resources Policy Plan* allow a rural center that meets certain criteria to request that MCES acquire its wastewater treatment facilities or build facilities to provide service to the rural center. The Council establishes separate and higher SAC rates for rural centers that choose to be served by the Council. These rural SAC rates will be separate from the current SAC that all current (urban) communities are charged. The rates will pay for the reserved capacity portion of the debt service for each individual rural center as specified in a contract.

### **3.4 SAC Credits for Previous Use**

SAC credits benefit the community only. They are generated from a site when its permanent capacity demand changes, that is, when a new use is established. Property owners or occupants are not charged SAC by MCES and are not the beneficiaries of SAC credits.

SAC credits are based on the payment of SAC for the maximum demand of a use being eliminated on a site in SAC units (see Section 5.2.2). Non-conforming (that is, unpaid) credits are also recognized on a site in certain circumstances.

Properties for which a community paid SAC prior to 1987 but were never connected to the metropolitan disposal system and the community did not participate in the SAC Rebate Program during 1987-1989, may also receive credits.

Phased Development Plans that are both formal and reasonable treat an area as a site for use of credits (see Section 5.4.3).

## **4. ROLES OF MCES AND COMMUNITY**

### **4.1 MCES**

- Performs determinations for commercial properties upon request of the community.
- Performs all determinations for industrial properties and administers a review process for capacity demand for industrial properties.
- Assists in explaining the SAC program to community staff or property/business owners at the request of the community.
- Collects SAC from all communities connected to the metropolitan disposal system and grants eligible credits to communities when a new use is established.
- Reviews community SAC records and payments at least once every three years (i.e., a SAC community review).
- Reserves the right to interpret and change SAC procedures, subject to authorizing legislation, case law and Council approval.
- Maintains regional SAC records.
- Sets metropolitan SAC rates.
- Receives any community phased development plans and determines adequacy for potential SAC credits.
- Provides communities SAC training as requested.
- Provides outreach to the private sector about SAC requirements.
- Makes available some SAC information in alternate languages as requested by communities.

### **4.2 Community**

- Reports all SAC-related activity (including demolitions) to MCES in accordance with reporting deadlines and procedures.
- Performs determinations for residential properties according to criteria set by MCES.
- Performs determinations for commercial properties according to criteria set by MCES or forwards the request to MCES.
- Verifies accuracy of commercial determinations at final inspection to ensure the proper number of SAC units has been allocated to the property.
- Informs MCES of any new industrial properties for which MCES has not issued an industrial permit.
- Collects metropolitan SAC, in a manner that works best for the community pursuant to Minnesota Statutes sections 444.075 and 473.521, subdivision 3 or other fundraising authority of the community. Additional charges may be included in the local SAC bill (e.g., water availability charges and connection fees).
- Remits metropolitan SAC to MCES in a timely manner and according to reporting timelines.
- Keeps and provides local SAC records, including building permit activity and detail, available for credit determinations.
- Cooperates with and resolves all community review findings within the stated time frame.
- Determines and implements community options pertaining to SAC (through ordinance or other mechanisms as appropriate to the community). The options include:



- Local SAC add-on and community credit procedures, including local fees for industrial capacity charge
- Net credit availability community-wide or limited to site-specific.
- Credit transfer requests – See Section 5.7
- Participation in SAC deferral program – See Section 5.5.1.6.1 and 5.5.1.6.2
- Phased Development – See Section 5.4.3
- Temporary Capacity Charge – See Section 5.2.1.11
- Discounts
  - Residential – See Section 5.1.2
  - Outdoor Spaces – See Section 5.2.1.6
  - 1% Prompt Payment – See Section 5.5.1.5

## **5. SAC PROCEDURES**

MCES assesses SAC to all community properties discharging or intending to discharge to the metropolitan disposal system. There are different procedures for different types of properties: e.g., residential, commercial, and industrial (see Definitions in Section 2).

### **5.1 Residential Properties**

SAC determinations for residential properties, which are made by the community, are generally triggered by a building, foundation, plumbing, sewer, or utility connection permit. Examples include the construction of a house, connecting a residential property to the central sewer for the first time, increasing the number of dwelling units or converting a discounted unit into a full unit. The community liability for SAC occurs at the time the community issues the permit or license.

#### **5.1.1 SAC Determination – Residential Properties**

##### **5.1.1.1 SAC Assignment**

All residential properties shall be assigned one SAC unit per dwelling unit (unless otherwise noted in Section 5.1.2 Discounts).

##### **5.1.1.2 Remodeling and Additions**

Remodeling or additions that change the number of dwelling units requires a determination, which is generally triggered by the building permit for the remodeling or addition.

##### **5.1.1.3 Apartment and Condo Conversions**

When a dwelling unit changes from a discounted apartment for SAC purposes to a condominium or non-discounted apartment, an additional SAC (20% of the current SAC rate) will be collected. The 20% SAC will be due at the time of permitting or other official governmental knowledge of the change, and at the current SAC rate.

#### **5.1.2 Discounts**

Residential properties are eligible for certain discounts, as described below. Prior written approval from MCES is required for communities to apply the discount.

##### **5.1.2.1 Apartment / Conservation Discount**

Apartments are charged 1 SAC per unit. Apartments with a minimum of 4 units may qualify for a 20% discount if the following conditions are met:

- No plumbing for laundry facilities exists in any of the units (generally evidenced by a common laundry facility and no laundry hook-ups in the units)
- Prior written approval from MCES

Apartments with fewer than 4 units are not allowed the discount. Assisted living/elderly housing criteria are already discounted so further discounts are not applicable.

The 20% reduction is in the base SAC fee. For 2022, the base fee is \$2,485 per SAC unit. Once the 20% discount of \$497 is applied, the apartment/conservation discounted SAC is \$1,988 per unit.

##### **5.1.2.2 Publicly-Assisted Housing / Conservation Discount**

Multi-family publicly-assisted housing units that have a project subsidy where the rent assistance is attached to the unit (not the person) with a minimum of 4 units may qualify for a 25% discount. The applicant must submit documentation of the following conditions:

- A letter from the building owner stating the number of units in the building and that no plumbing for garbage disposals or dishwashers exist in any of the units;
- Approval letter from the government agency that is subsidizing the property (e.g., U.S. Department of Housing and Urban Development) that includes the building name, specific address of the subsidized housing, and states the number of subsidized low-income units (if only a portion of the units in the building are subsidized low income, the letter must be specific to which units are subsidized low income);
- Floor plans that show where the common laundry facility is located; and
- Prior written approval in the form of a SAC determination letter from MCES.

Multi-family publicly-assisted housing units with fewer than 4 units in the entire building are not allowed the discount. Assisted living/elderly housing criteria are already discounted so further discounts are not applicable.

The 25% reduction is in the base fee (or reduction in the discounted fee if the apartment/conservation discount discussed above also applies). For 2022, the base fee is \$2,485 per SAC unit. Once the 25% discount of \$621.25 is applied, the publicly-assisted housing/conservation discounted SAC is \$1,863.75 per unit. If the apartment/conservation discount also applies, there is an additional \$372.75 discount applied and the total discounted fee is \$1,491 per unit.

### **5.1.3 SAC Credits – Residential Properties**

#### **5.1.3.1 Previous Dwelling Units**

If the property previously held a residence, one credit will be assigned, provided that:

- The building was connected to a central sewer now connected to the metropolitan disposal system;
- SAC was paid for the use on the site (or where non-conforming grandparent demand credits apply); and
- The community filed a demolition report (MCES SAC-D form) with MCES.

No credit will be assigned to residential properties:

- Where a SAC was paid but rebated to the community as part of the MCES Rebate Program.
- Where the building(s) is gone, and no demolition report was filed with MCES (see Section 5.5.5).
- That was not in the SAC program due to the Council’s 2000–2003 Inclusionary Housing SAC Waiver Program, or had SAC waived for any other reason.
- Where SAC credits were previously taken off the site by the community (i.e., community-wide credits generated by this site were used elsewhere by the community).
- For which SAC should have been paid but was not.

Properties that were in discounted categories will receive a discounted credit.

#### **5.1.3.2 Previous Non-Dwelling Units**

If the property was previously classified as commercial or industrial and is changing to residential, or if those facilities paid SAC and had a demolition report filed with MCES, additional credits may be available to offset the current SAC.

#### **5.1.3.3 Credit Examples**

The following residential property examples are for illustration purposes only.

*Example R-1:* A single-family dwelling is remodeled into a duplex. One SAC is due.

*Example R-2:* An existing single-family dwelling is remodeled into four apartment units with common laundry facilities and no individual laundry connections in the units. Four SAC units are charged at 80% of the SAC rate (to account for the four new dwelling units), and one credit will be issued at 100% of the SAC rate (to account for the removal of the single-family dwelling).

*Example R-3:* A new dwelling is built in community A, but because community B owns the local pipe in the street, the sewer fees are due to community B. As the issuer of the permit, community A is ultimately responsible for the collection and reporting of the SAC, unless the communities have a Joint Powers Agreement to the contrary. If community A is not served directly by MCES and thus not a SAC reporting customer, then community B is responsible for collecting and reporting SAC because they have allowed the connection to their system.

*Example R-4:* A discounted apartment is converted into a condominium. An additional 20% of the SAC rate is due for each converted unit.

## **5.2 Commercial Properties**

A commercial property, for SAC purposes, is broadly defined to include any property that is not a residential or industrial property. This includes governmental, institutional, nonprofits and some properties that are likely thought of as “industrial” for other purposes (see Definitions in Section 2).

### **5.2.1 SAC Determination – Commercial Properties**

#### **5.2.1.1 Basis**

The SAC determination is based on the commercial property’s estimated maximum wastewater flow potential or maximum demand. MCES SAC staff or community staff shall use the criteria in Appendix A to determine the SAC units for identified types of commercial properties. If a criterion is not specifically listed in Appendix A, MCES will make a reasonable estimation of the SAC to be charged. These criteria are based upon the recommendations and standards developed by the Minnesota Department of Health, building and plumbing code and are supported by actual maximum flow data from similar facilities in the metro area. Community officials are encouraged to contact MCES for assistance in any situation they are unsure of, or which is not clearly identified in Appendix A.

#### **5.2.1.2 Minimum Charge**

There is a minimum charge of one SAC unit for each new building or connection. Note that this minimum charge is per building, not per business occupying the building. Communities may not assign a minimum charge for each individual business occupying a building.

#### **5.2.1.3 Shell Buildings (Speculative)**

The SAC determination for commercial property is based on the new use of the building. In the case of a shell building that will be occupied by multiple tenants, where the exact use of each space is not known, the SAC is determined and collected based on the speculative use of the shell building. SAC is due to MCES when the building permit is issued for the original building, regardless of if tenant spaces have been leased. As the tenants occupy the building, the only time that a new SAC determination has to be made is when the tenant’s use changes from the speculative use. That said, MCES encourages communities to report every new tenant on their regular SAC Activity Report so that MCES records are current. Multiple-use buildings (e.g., mixed-use and retail-mixed gross square foot criteria) need a SAC determination for each tenant build-out.

For shell buildings calculated using the fixture unit criteria, fixture rough-ins count towards the total SAC determination calculation (e.g., a shower rough-in is included in the SAC calculation).

#### 5.2.1.4 Multipurpose Areas

For a multipurpose area (or room) the determination is based on the use that could generate the most demand. For example, a church with removable pews, where the space doubles as a banquet hall, will be charged as a banquet hall.

#### 5.2.1.5 Determinations

A determination is required whenever there is a change or increase in use or an official acknowledged change in sewer demand (e.g., issuance of a business permit for which SAC has not been paid), whether or not a demolition is involved. Examples that require a determination include:

- Change from retail to restaurant.
- Tenant build-out of a multiple use building.
- Most physical changes in the building that require a building and/or plumbing permit if it is a change in SAC use of the space (unless it fits exclusion criteria in 5.2.1.5.4).
- Any tenant changes that differ from the previous use of the space (as defined for SAC purposes).

Temporary new uses are assigned SAC units in the same manner as permanent new uses unless they qualify for a Temporary Capacity Charge (see Section 5.2.1.11).

When the use of the space is calculated using fixture-unit criteria, fixture rough-ins count toward the total SAC determination. For building uses that utilize the gross-square-foot criteria, floor drains (except for parking garages) and showers are included in the criteria and not charged additional SAC units.

When a new tenant moves into a retail shopping center and the use is changed, an updated tenant listing should be supplied to MCES as part of the determination process. The listing should include a current list of all tenants and suite numbers. This helps keep MCES records accurate for locating previous use on a site.

Determinations will be completed on the entire property/tenant space. Even if it is a remodel of a small area, the determination will look at the entire property to be certain all capacity demand has been accounted for. Credit will be applied based on the procedures from Section 5.2.2.4.

##### 5.2.1.5.1 Determination Submittal

When MCES is asked to complete a determination, the user will have three ways to submit: 1) the online SAC determination submittal site (the preferred method) using the website: <https://SACsubmittal.metc.state.mn.us>; 2) an electronic determination submittal, via email, to: [SACprogram@metc.state.mn.us](mailto:SACprogram@metc.state.mn.us) in an electronic (e.g., PDF) format; or 3) mail or drop off hard copies of the entire submittal to the address listed on the top of the Transmittal-A form.

The SAC submittal site allows property/business owners to create an account that stores their submittals for up to one year. It replaces forms Transmittal-A, Transmittal-B, Affidavit-A and Affidavit-B by asking questions that pertain to the project. At the end, the user will upload plans and documents before clicking submit.

For email or hard copy submittals, MCES will require submission of:

- MCES Transmittal-A (SAC Determination Application) form;
- Any other applicable form(s) that can be found on the SAC website;

- A site plan showing the location of the building on the overall site with street(s) labeled (Google-type images are acceptable if they show the building and the street names);
- Scalable floor plan of the entire tenant/business space that has every room and space labeled with the intended use of the space; and
- Any other items listed on the submittal checklist found on page 2 of the Transmittal-A form.

A description of the determination forms can be found in Section 5.2.1.5.2. The floor plans submitted to MCES must be for the same project as the one submitted to the community for their review.

The entire floor plan of the tenant/business must be scalable or include measurements for every room and space. They must also include a specified use of each room/space.

The determination process will not begin until all forms and plans are submitted and accepted. SAC staff will notify applicant when all forms are accepted.

#### 5.2.1.5.2 Determination Forms

An example of a determination form completely filled out can be found on the MCES SAC website. Actual forms can also be found on the SAC program website at: [www.metrocouncil.org/SACforms](http://www.metrocouncil.org/SACforms). The site includes examples of a scalable floor plan and one with dimensions for every room and space.

##### 5.2.1.5.2.1 MCES Transmittal-A – SAC Determination Application

MCES requires **all** applicants to submit this form, which includes a submittal checklist, with all determination requests. **Incomplete forms and submittals will not be accepted.** Incomplete forms and submittals could include missing information on Transmittal-A, no site plan, rooms, and spaces not labeled on plan, plan not scalable, plan not for entire tenant/business area, etc. If the applicant is unsure or does not know the parcel identification number, year built or previous use information, the applicant will need to contact the property or building owner, community, or county to obtain the information to complete the Transmittal-A form.

##### 5.2.1.5.2.2 MCES Transmittal-B – Additional Submittal Requirements

This form is a list of additional submittal questions and information needed in order to complete the SAC determination for certain business uses. The business owner must fill out this for, sign it, and submit it with the other items on the submittal checklist from the Transmittal-A form.

##### 5.2.1.5.2.3 MCES Transmittal-C – Temporary Capacity Charge

Communities requesting a Temporary Capacity Charge in lieu of regular SAC payment for a business must submit this form. See Section 5.2.1.11 for further details on this type of charge. The Community Development Director, Building Department Director or Finance Director is required to fill out and sign the form.

##### 5.2.1.5.2.4 MCES Affidavit-A – Affidavit of Business Use – Food and Drink Establishments

Applicants whose business is a food or drink establishment must submit this affidavit with the other items on the Transmittal-A form submittal checklist. The business owner must fill out and sign this affidavit.

##### 5.2.1.5.2.5 MCES Affidavit-B – Affidavit of Business Use – Process Discharge

If the business use has any process discharge, the business owner must fill out, sign, and submit this affidavit with the other items on the Transmittal-A form checklist.

Examples of businesses (but not limited to these) that would need to fill out this form are manufacturing companies, breweries, distilleries, and research facilities.

#### 5.2.1.5.2.6 MCES Affidavit-C – Property Use

MCES requires this form to validate the use of a property when no SAC history or documentation exists. This form must be filled out and signed by the customer community official (e.g., Building Official, Community Development Director, or Finance Director) and the official's manager or director.

#### 5.2.1.5.2.7 MCES Phased Development Plan

Communities intending to combine a set of properties as a phased development must submit this form. The Community Manager or Division Director must sign this form. See Section 5.4.3 for more details on phased developments.

#### 5.2.1.5.2.8 MCES Reclaim

This is a submittal checklist for reclaim carwash system. Applicants must submit all of the items on this checklist with their SAC determination submittal.

#### 5.2.1.5.3 Determination Letters

MCES will complete determinations for commercial properties upon request of the community. MCES prefers, and it is likely quicker, if the community staff complete straightforward SAC determinations using the SAC criteria found in Appendix A. When MCES completes a determination, MCES sends a letter that states the net SAC by email to the community and a copy to the applicant. The determination letter will include the name and location of the project, SAC charge and credit calculations, the net SAC, and a copy of the building plan used to complete the determination. Each determination expires two years from the date of the letter.

If the community permit has not been issued before the determination letter expires, the determination letter is void. Also, if the building plans change in any material way before the community permit has been issued, the determination letter is void and a new determination must be completed. In all cases, the community is responsible for verifying accuracy of the determination at final inspection to ensure the proper number of SAC units have been charged for each business and/or property.

#### 5.2.1.5.4 End of Calendar Year Determinations

To pay the current year's SAC rate, all determination requests for MCES must be submitted with complete documentation no later than 10 MCES operational days before the end of the calendar year. This gives MCES adequate time to complete the determination. The community permit or license must be issued no later than December 31. (i.e., to pay the 2022 SAC rate, all determination requests must be submitted no later than December 16, 2022, and the community permit or license must be issued no later than December 31, 2022.)

#### 5.2.1.5.5 Exclusions from Determination Requirements

If a property is obtaining a cosmetic remodeling permit where there is no change of use or size, no SAC determination is necessary, and no SAC charge will occur as long as MCES has record of the current use. If a property is changing size but not use, additional SAC will be required on the incremental capacity demand. If MCES does not have record of the current use, a determination would be required.

Other examples of projects that do not need a SAC determination are:

- Buildings originally determined as 100% office being remodeled to convert a portion of the space to a meeting room.

- Buildings originally determined as 100% office being remodeled as office or dividing into multiple office spaces.
- Buildings originally determined as 100% retail being remodeled as retail or dividing into multiple retail spaces. However, note that retail for SAC purposes is different from most building code “mercantile” classifications (e.g., salons and fitness centers demand more wastewater capacity than a basic retail store).
- An office or warehouse building adding a shower.
- A salon adding a hair cutting station or a nail station.

#### 5.2.1.6 Outdoor Spaces

Peak demand on the MCES wastewater conveyance and treatment facilities is experienced typically during significant wet weather events. During these events, the use of outdoor areas is significantly reduced thereby contributing little or no wastewater to disposal system peaks. MCES grants a 75% reduction to certain outdoor spaces for which there is potential for minimal or no use during rain events. This includes driving ranges, golf courses including mini-golf (a clubhouse is not eligible for the reduction), certain park shelters (contact MCES for determination), outdoor seating areas for food and drink establishments, outdoor pools and water parks, drive-in restaurants and theaters, outdoor tennis courts, and outdoor public areas such as zoo exhibits. This does not include arenas or stadiums which may only delay the event or where they may be used in the rain (e.g., football games). Outdoor areas with structural roofs of any type will only qualify for the discount if, at the discretion of MCES staff, the demand for the space or transit to it (e.g., gazebo for food and drink seating) is exposed to weather and will be predominantly reduced during wet weather days.

If these outdoor spaces are eliminated, they will only receive discounted credits.

#### 5.2.1.7 Food and Drink Establishments

MCES has a single criterion for determining SAC on a food or drink establishment that serves food and/or drink onsite as stated in Appendix A. Applicants must submit the MCES Affidavit-A form along with the items stated on the MCES Transmittal-A (SAC Determination Application) form. If no record of the restaurant that applies for a remodel or addition exists, MCES will evaluate the entire restaurant to record the current use. Credit will be applied based on the procedures from Section 5.2.2.4.

A take-out restaurant with no customer seating has its own SAC criteria and is not part of the food and drink criteria.

##### 5.2.1.7.1 Outdoor Seating

SAC is calculated for outdoor seating on patio or sidewalks using the same criteria as inside seating. For example, if the interior portion is calculated as a food and drink establishment, the outside seating is also calculated as food and drink and a 75% reduction on the outdoor space is given. If a take-out restaurant has only outdoor seating, that area will be charged with the criteria food and drink – outdoor with the 75% discount already included in the criteria. Outdoor areas with structural roofs of any type will only qualify for the discount if, as determined by MCES staff, the demand for the space or transit to it (e.g., gazebo) is exposed to weather and the use will be predominantly reduced during wet weather days.

Sometimes a community restricts food and drink from being consumed on the outdoor space and designates the space as “smoking only”. In such cases documentation, such as an ordinance or a copy of the business license issued by the community that states the restriction, may be submitted to MCES. If such documentation is supplied, this outdoor space is excluded from the SAC



determination. If the restriction is removed, or becomes non-enforceable, a redetermination would occur, and SAC will be due.

#### 5.2.1.8 Retroactive SAC

MCES will retroactively assess SAC when appropriate determinations should have but did not occur. In such a situation, if the community has a proven record of acting in good faith, MCES may, at its discretion, collect SAC at the rate it should have been paid (in the prior years). The community must appeal to the SAC Technician completing the determination.

#### 5.2.1.9 Determination Appeal

A community can request an appeal review of a SAC determination or other matters in these procedures. The community must send a formal letter or email detailing the facts of the situation. They must also provide supporting documentation of the original use, such as dated building plans and a copy of the original building permit. Appeals regarding the SAC rate must be emailed to the SAC Technician who completed the original determination. All other appeals must be emailed to the MCES Finance Director. After completing the appeal review and consulting with the community, MCES will email a written decision will be to the community. MCES will not accept appeals if sent directly to the Council or MCES by a property or business owner.

#### 5.2.1.10 Fraudulent Declarations

If any fraudulent declarations or plans are discovered, MCES will exercise its discretion and deny appeals and retroactive SAC relief, and, in addition, may apply any other penalties or measures that are permitted by law.

#### 5.2.1.11 Temporary Capacity Charge

A temporary use on a commercial property may qualify for a temporary capacity charge in lieu of SAC, at the community's discretion. To qualify for the temporary capacity charge, the temporary use must have a predetermined end date, with a maximum duration of 36 months. The following kinds of businesses qualify for the Temporary Capacity Charge:

- 1) Businesses temporarily displaced (e.g., school flooded and is getting remodeled)
- 2) Businesses that are seasonal only (e.g., pop-up Halloween store)
- 3) Traveling exhibits (e.g., pop-up museum at a mall)

All other requests may be denied. (Note: Communities are responsible for determining whether they have authority to, and want to, recover from property owners the amount of the temporary capacity charge paid to MCES by the community.)

The temporary capacity charge is a one-time charge the community must pay to MCES at the time that SAC would ordinarily be paid (usually at the issuance of a building, sewer connection or business permit). The number of temporary capacity charge units to be assessed will be determined in the same manner as SAC units are determined. Credits shall be available in the same way that SAC credits would be for a site. The temporary capacity charge rate is 1/20th of the then current SAC rate per year, and 1/240th per month for partial years.

In unique and rare circumstances when the business does not occupy the building when expected, the community may file an appeal to extend the end date of the temporary capacity charge, not to exceed 36 months from the date of occupancy. The decision is at the Finance Director's discretion if and when this type of appeal would be approved.

*Example:* A school temporarily occupies a strip mall (while permanent facilities are being built). The school enters a lease on the strip mall site for 26 months. A SAC determination shows the school use equates to 27 net SAC units. If the community chooses the temporary capacity charge approach, the temporary capacity charge will be: 27 units x 26 months x temporary capacity charge rate (current SAC rate/240).

The temporary capacity charge is not considered a commitment of capacity by MCES, rather a rental of the reserve capacity due to the temporary nature of the service. The temporary capacity charge will not be considered a partial SAC payment, nor used to calculate a higher use for future SAC credit determinations on the site. Temporary capacity charge payments generate no new SAC credits. When a permanent use of the site (that held the temporary use) occurs, any credit that was used to determine the temporary capacity charge will again be allowed as SAC credit for the new use.

A temporary use of a space by the same or subsequent party on a site that utilized the temporary capacity charge, and that would extend the temporary use beyond the 36-month limit, will not qualify for the temporary capacity charge. In such a situation a new SAC determination is required, and additional SAC may be due from the community, per regular procedures.

## **5.2.2 SAC Credits – Commercial Properties**

### **5.2.2.1 Credits for Previous Use**

All credits, like the SAC itself, are between MCES and the community. Credits are based on capacity demand required for a specific site. All commercial credit determinations are subject to the review and approval of MCES.

The SAC credit for a property is based on prior payment of SAC for the site demand, in SAC units, pursuant to Section 5.2.2.4. If SAC should have been paid but was not, no credit is allowed for that unpaid SAC (except where the non-conforming grandparent demand credits apply). In other words, a property redeveloping at the same or lesser wastewater demand will not generate a SAC liability. If redeveloping at a higher wastewater demand, a SAC payment will be required but for only the capacity increment above the maximum demand already paid.

When a redeveloping property's new use requires lower wastewater capacity than what was demanded previously, net credits will occur if SAC was paid, or a non-conforming grandparent demand applies. Where the SAC was previously paid to MCES the community has the option to take the net credit community-wide or leave it site-specific. Community-wide designation must be reported and taken at the time of the permit issuance of the new use. If the community does not report and take the net credit community-wide at the time of the new use permit issuance, the net credit automatically becomes site-specific. There is no end date for site-specific credits from SAC paid. If the credit is from a non-conforming grandparent demand, any net credits will remain site-specific for five years to allow for the new use's growth, after which the credits expire. Buildings covered under non-conforming gross square foot receive no net credits.

In some cases, both SAC paid, and non-conforming grandparent demand make up the total credits. Credit from SAC paid is applied to the new use first to determine the availability of net credits. For example, a previous use had 5 credits from SAC paid and 3 from grandparent demand. The new use is charged 6 SAC. The 5 credits from SAC paid is applied first. Leaving 2 net credits from grandparent demand.

If SAC credits generated on a site were used elsewhere by the community (i.e., community-wide) or a different business used the site-specific credits, those credits are no longer available to offset the current SAC charges on the original site.

Credits do not occur at the time of demolition or when a business shuts down. These circumstances only establish a *potential* for credits when a new use occurs on the site. Any determination that includes potential credit for a future demolition, the demolition is required to be submitted on the SAC-D Demolition Declaration form (see Section 5.5.5).

Phased developments are allowed credits pursuant to Section 5.4.3.

#### 5.2.2.2 Reporting Requirements

All demolitions must be reported to MCES on the SAC-D Demolition Declaration form in order for the prior use to retain eligibility for potential credit(s) on the property. Monthly reporting of all demolitions is recommended. This establishes the potential credit that may be allowed when a new use occurs on the site.

#### 5.2.2.3 No Credit Determination

No SAC credit will be assigned to commercial properties or tenant spaces within properties:

- That were not previously connected to a central sewer now connected to the metropolitan disposal system.
- Where a SAC was paid but rebated to the community as part of the MCES Rebate Program.
- Where the building(s) is gone, and no demolition report was filed with MCES (see Section 5.5.5).
- That was not in the SAC program due to the Council's 2000-2003 Inclusionary Housing SAC Waiver Program, or had SAC waived for any other reason.
- Where SAC credits were previously taken off the site by the community (i.e., community-Wide credits generated by this site were used elsewhere by the community).
- For which a Temporary Capacity Charge was paid in lieu of SAC.
- Or for any other reason for which SAC should have paid but was not.

#### 5.2.2.4 Credit Criteria

For commercial properties, where the credit conditions apply, prior wastewater demand (and thus, the credit amount) is calculated according to whether SAC was paid or not.

If SAC was previously paid, the demand equals the number of SAC units paid reduced by any credits that were used off the site by the community. Further, if a new owner takes over the entire building, their SAC due will be offset by a credit as follows:

- In cases where the previous gross SAC determination was rounded down, for example, 4.43 was paid as 4 SAC, a 4.43 credit is applied.
- In cases where the previous gross SAC determination was rounded up, for example, 3.8 was paid as 4 SAC, a 4 SAC credit is applied.

If SAC was not paid, a non-conforming credit may be available depending on the type of records a community can provide establishing demand that existed prior to January 1, 2009, and into 2009, or if there was a prior acceptance of grandparent demand for the site.

To maximize a potential non-conforming SAC credit, a community must be able to provide documentation of a specific use on a site (for example, building permit, dated photographs of the use, etc.). If documentation is not provided, and MCES has no SAC history, but there is information from the county website that shows the property built prior to 2009, the credit will be determined based on minimal use (warehouse, office, mixed use, and/or retail). If gross square footage is not provided,

one credit per building will be assigned. Communities may not assign a minimum charge for each individual business occupying a building.

Alternatively, if full historical details are not available, MCES may accept a certification by a community official about the prior use of a site (with form Affidavit-C).

MCES acknowledges that documenting non-conforming grandparent demand can be difficult, and thus, the applicability of non-conforming credits is rare.

If non-conforming grandparent demand credits are applied for a site, that redetermination is the basis for future redeterminations, not the grandparent demand from 2009 (that is, 2009 grandparenting data is no longer relevant). However, net credits from grandparent demand are reserved for a company's growth on that site for five additional years after the redetermination and permit issuance.

All credit determinations are subject to review and approval of MCES. Contact MCES for any questions or estimates.

#### 5.2.2.4.1 Credit Criteria for Restaurants

SAC calculations for restaurants will be calculated on the food and drink gross square feet criteria. If MCES has record of a previous restaurant at the same location and the gross square feet has not changed, no additional SAC will be due. If the gross square feet have changed, only the increased gross square feet will incur a SAC charge.

If the previous restaurant will be demolished, the potential credit for the demolition will be based on the regular credit procedures and calculations.

#### 5.2.2.5 Merging or Splitting Properties

If multiple properties are merged into a single legal description, the potential SAC credit for the newly created parcel is the sum of the individual properties' potential credit.

If properties are split into multiple parcels, a logical division of the SAC credit potential will be determined by MCES. The potential SAC credits will be based on the most detailed development plan available, allocating the original parcel's potential credits based on either the: a) expected building use (i.e., retail, office, warehouse, etc.); b) square footage of the buildings; or c) lot acreages compared to the original parcel. The potential SAC credits will be rounded to the nearest whole number on each of the parcels, not to exceed the original potential credit amount.

#### 5.2.2.6 Interior Demolitions

A vacant business does not release SAC credits to be used elsewhere in the building. Only when a new use occurs in that exact space that is for a lesser sewer demand and the determination results in a net credit. The community would need to issue a permit for the change in use and report the new use to MCES.

#### 5.2.2.7 Existing Business Moving to New Space in Building

If a business in one suite wants to move to a different suite within the same building and they request to "take their SAC with them", a determination is required on the existing suite and the new suite. The entire SAC charge from the existing suite is not allowed to be applied to the new suite. Only if the determination on the existing suite results in a net credit can that net credit be moved to a new suite in the same building. If no new use is known at the time for the existing suite, the community can issue an interior demolition permit on that suite that will revert the suite back to shell/speculative use. The determination on the existing suite would charge shell/speculative use and credit the previous SAC use in that suite (must meet the existing credit rules). If that determination results in a

net credit, the net credit can be moved to their new suite in the same building. Note: The interior demolition permit must be issued before or same day as the new suite permit buildout.

#### 5.2.2.8 Credit Examples

The following commercial property examples are for illustration purposes only:

*Example C-1 (basic credit):* A 15-SAC restaurant is demolished (and properly reported) in 2012 and a 20-SAC office building is built on the site in 2019. Five SAC would be payable in 2019 when the new permit is issued for the 20-SAC office.

*Example C-2 (net credits):* A 20-SAC functioning office building is demolished (and properly reported) in 2012. A 15-SAC restaurant is built on the site in 2019. No additional SAC would be due. The 5 net credits would be allowed to be designated by the community as community-wide or site-specific if the original 20 SAC were paid. If the original 20 SAC were grandparent credits, the 5 net credits would be designated as site-specific for up to five years from the date of the new use.

*Example C-3 (no determination needed):* A 4-SAC retail tenant space was vacated in 2009 and in 2019 a similar retail tenant occupies the same space. No SAC is due, and no determination is required since there is no change of use.

*Example C-4 (grandparent credit):* In 2019, a site is redetermined for the first time since it was built in 2000 per County records. Original building plans are not available but based on county property description, it was a 12-SAC office in 2000. The new use is a retail, which requires 5 SAC. The non-conforming grandparent credit will eliminate the charge and the remaining 7 net credits stay available (but only on the site) for five additional years.

*Example C-5 (unused grandparent credit):* Using example C-4, in 2019 the 5-SAC retail comes in for another redetermination for an expansion to 10 total SAC units for the retail. No additional SAC will be due as the 7 remaining grandparent credits were kept site-specific. However, if this expansion occurs in 2024, 5 additional SAC would be due as the site-specific credits would have expired in 2023.

*Example C-6 (existing site-specific credits):* In 2001, a 14-SAC office/warehouse building was remodeled into a 13-SAC office/warehouse building and the community left the one unused credit as site-specific. This credit will be available to offset future charges on this site.

*Example C-7 (federal properties):* A post office is built and connected to the central sewer without a local building permit. SAC is due per the same criteria as other commercial properties as defined in Appendix A and is due to MCES when the sewer is connected.

*Example C-8 (outdoor seats):* A new 10-SAC restaurant was built in 2008 with indoor seating only. In 2019, the restaurant adds 593 square feet for a new patio. No additional SAC is due if there is no change to the interior gross square feet. If the restaurant adds 594 square feet for an outdoor patio, 1 SAC would be due.

*Example C-9 (SAC when served by a different community):* A new office building is built in community A, but because community B owns the local pipe in the street, the sewer fees are due to community B. As the issuer of the permit, community A is ultimately responsible for the collection and reporting of the SAC, unless the communities have a Joint Powers Agreement to the contrary. If community A is not served directly by MCES and thus not a SAC reporting customer, then community B is responsible for collecting and reporting SAC because they have allowed the connection to their system.

## **5.3 Industrial Properties**

Industrial has a special meaning for SAC purposes. Many businesses commonly referred to as “industrial” are commercial properties for SAC purposes (see Definitions in Section 2).

### **5.3.1 SAC Determination – Industrial Properties**

#### **5.3.1.1 Determinations**

MCES SAC staff makes all industrial SAC determinations. Permitted industrial users must contact MCES whenever a determination is needed. Communities should inform MCES of any substantial wastewater-producing industries for permitting evaluation, including municipal water treatment facilities.

If a SAC determination has not been completed on a facility that is required to complete and submit an Industrial Wastewater Discharge Permit Application, a SAC determination shall be completed at that time. This determination will also include any process discharge from the facility.

For the non-industrial wastewater portion, determinations are required pursuant to the commercial criteria described in Section 5.2.1 for building permits and changes in use (i.e., additions, remodels, and expansions are subject to commercial procedures). Permitted industrial users operating below their assigned SAC baselines do not receive credits to offset commercial SAC charges (e.g., remodels, additions, new buildings on the site).

#### **5.3.1.2 Basis for Determinations**

Initial determinations for industrial properties are derived by adding two separate components: a) commercial criteria (see Appendix A), and b) the normal maximum industrial wastewater for process flow. This becomes the SAC baseline for the property.

If the normal maximum industrial wastewater for process flow results in a SAC equivalent of 4 SAC units or more, or if the industrial facility is subject to EPA Categorical Discharge Standards, then this facility will be permitted and eligible for Industrial Capacity Charge (in lieu of SAC for any process flow SAC due above 3 SAC units).

For new determinations for industrial permittees or potential industrial permittees, all companies must pay up to 3 SAC units (or 960 gallons of maximum potential process discharge per day). Any units above 3 can be paid for as SAC units, or the company can defer and pay ICC based on discharge volumes in a reporting period submitted in routine self-monitoring reports.

#### **5.3.1.3 Calculation of Industrial Capacity Charge (ICC)**

Permitted industrial users are required to submit self-monitoring reports either quarterly, semi-annually, or annually, depending on their permit. To calculate the ICC, MCES will compare the permitted industry’s total discharge during that period with their SAC baseline multiplied by their reported operating days, or discharge days for water treatment plants. If the industrial user is found to be discharging above this baseline level, MCES will invoice them an ICC for the overage. The industrial user has the option of paying their community for SAC units to raise their baseline to avoid current and future ICC.

Community liability for SAC occurs when a permitted industrial user indicates that they are opting to make a SAC payment to the community in lieu of paying the ICC. The SAC rate is always the rate in effect at the time of payment. The community may add local charges.

#### 5.3.1.4 Basis of the Industrial Capacity Charge (ICC)

The current 2022 SAC rate of \$2,485 is based on maximum potential daily wastewater flow of 274 gallons per day, which equals 100,000 gallons per year. This SAC rate equals \$1.25 per 1,000 gallons based on the standard 20-year term MCES uses to finance debt ( $\$2,485 / (100,000/1,000) / 20 = \$1.25$ ). In other words, \$1.25 collected for 20 years on 100,000 gallons of maximum potential flow per year equals paying one SAC unit at \$2,485.

Because the ICC rate will be applied to used/discharged volume – not maximum volume – the rate needs to be higher than \$1.25 so that it is a fair proxy for maximum flow, which is the basis of SAC. The amount higher than \$1.25 will be based on the proportion of maximum flow for one SAC unit (100,000 gallons) to the MCES historical average flow per residential equivalency connection (REC). For example, if the 20-year average system flow per REC is 56,500 gallons, the ICC rate per 1,000 gallons over baseline will be \$2.21 ( $100,000 / 56,500 \times \$1.25$ ), which is the rate for 2022.

#### 5.3.1.5 Transfer of Assigned SAC Baseline

An assigned SAC baseline is set for each specific Industrial Discharge Permit and permitted industrial user. An assigned SAC baseline in continuous use under a MCES Industrial Discharge Permit will continue to provide capacity to the community. However, the assigned SAC baseline is not transferable unless: a) the Industrial Discharge Permit is transferred to the new owner and b) other conditions are met pursuant to 5.3.1.5.2.

##### 5.3.1.5.1 Conditions Where Assigned SAC Baseline is Non-Transferable

If the Industrial Discharge Permit is terminated for any reason (e.g., a company closing; process changes or process discontinuation make the permit unnecessary; a sale or merger of the company) the assigned SAC baseline is lost. Only actual SAC paid, or Non-Conforming Grandparent Credits is available. If the company inadvertently loses its Industrial Discharge Permit but stays in continuous operation, and the community appeals, the site may be granted the old, assigned SAC baseline from the old permit if, at the discretion of the MCES Finance Director, the company and the community have acted in good faith in the matter. If the assigned SAC baseline for a site is lost, the community liability for the new business may still have available credits pursuant to Section 5.3.2.

##### 5.3.1.5.2 Conditions Where Assigned SAC Baseline is Transferable

If the business ownership of a permitted industrial user changes due to a sale, reorganization after bankruptcy, or merger and the Industrial Discharge Permit and the industrial process is maintained, the assigned SAC baseline may remain with the Industrial Discharge Permit. For the MCES assigned SAC baseline to transfer, the sale must be legally defined as the sale of the entire business. If the sale is assets only, where the new owner does not assume all liabilities of the prior business, the assigned SAC baseline is lost. If lost, any credit for the new use of the site will be pursuant to Section 5.3.2.

#### 5.3.1.6 Landfills Connected to Metropolitan Disposal System

Landfills experience a shorter-term peak in wastewater flow as active cells generate leachate, followed by decreasing wastewater flow until the landfill is closed, permanently capped and leachate generation stops. The time period from start-up to closure/capping can vary, but generally is less than 20 years. The peak period will typically last three to five years. Once a landfill is closed, the land is not suitable for redevelopment due to the unstable nature of the fill material.

Due to the unique life-cycle of a landfill, an industrial temporary capacity charge – which is not considered a form of SAC – is assessed by MCES to the permitted industrial user for which the connected landfill resides. Some landfills have a SAC baseline and pay a temporary capacity charge for only their discharge above this baseline. All connected landfills must be permitted by MCES.

## **5.3.2 SAC Credits – Industrial Properties**

### **5.3.2.1 Credits in General**

All credits, like the SAC itself, are between MCES and the community, even though they are based on capacity demand required by a specific site or campus. All industrial property credit determinations based on process flow are subject to the review and approval of MCES. Credit for the capacity previously used on a site occurs only when a new use is established on the site or when permanent process changes reduce the capacity needed for the site. Credits cannot be taken at the time of demolition or when a business shuts down until a new use occurs and is reported to MCES.

### **5.3.2.2 No Credit Determination**

No SAC credit will be assigned for industrial properties or tenant spaces within properties:

- That were not previously connected to a central sewer now connected to the metropolitan disposal system.
- Where a SAC was paid but rebated to the community as part of the MCES Rebate Program.
- Where the building(s) is gone, and no demolition report was filed with MCES (see Section 5.5.5).
- That were not in the SAC program due to the Council’s 2000–2003 Inclusionary Housing SAC Waiver Program, or had SAC waived for any other reason.
- Where SAC credits were previously taken off the site by the community (i.e., community-wide credits generated by this site were used elsewhere by the community).
- For which a temporary capacity charge was paid in lieu of SAC; or for any other reason.
- For which SAC should have been paid but was not.

### **5.3.2.3 Credit Criteria**

For industrial properties where credit conditions apply, credit for prior wastewater demand is available and calculated using commercial credit criteria (as stated in Section 5.2.2.1.) for buildings and measured process flows. All credit determinations are subject to review and approval of MCES.

#### **5.3.2.3.1 Permanent Process Changes**

A permitted industrial user making permanent changes that require less wastewater capacity for industrial processes may work with the community, for the benefit of the community, to claim a net credit from the site (limited to where SAC was actually paid). The community must request this type of a credit. These types of credits do not include the reduction of flow based on temporary conditions where the company could move or switch some valves or make other changes that do not require building permits and quickly ramp up production again (e.g., if sales increase).

To qualify as a permanent process change, a specific industrial process that results in the discharge of a known operating day volume of industrial wastewater into the metropolitan disposal system must be permanently terminated, and one of the following conditions must exist:

- 1) The equipment utilized for the specific industrial process is permanently dismantled, demolished, and/or removed from the industrial property; or
- 2) The equipment utilized for the specific industrial process, or the entire building that encompasses the process, is permanently disconnected from all utilities and all raw material and/or component feed devices and is substantially rendered permanently unusable for its previous purpose.



In addition, this information must be disclosed to MCES within 30 days after the end of the calendar year in which the change(s) occurred and the disclosure must request review as a permanent process change for SAC purposes. MCES will review, on a case-by-case basis, all claims for SAC credits based on permanent process changes. MCES reserves the right to refuse the credits entirely unless we are able to inspect the industrial property to determine if conditions exist that allow SAC credits for a claimed permanent process change. Further, the criteria and provisions specified in this manual apply only to industrial properties that will continue to operate. If an industrial property ends its business activity, then commercial property SAC credit provisions apply.

At such time credits are made available to the community involved, and the community uses them community-wide, the SAC units assigned to the industrial property will be reduced by the corresponding number. Any future increases in use of the metropolitan disposal system at the industrial property will be subject to SAC payment requirements in accordance with applicable policies and procedures, at the SAC rate in effect at the time of payment. Note: Any amount of assigned SAC baseline over the potential SAC credits (SAC paid) is not eligible for community-wide credits at any time.

#### 5.3.2.4 Permitted Industrial User Baseline Determination

If a building's prior use is unknown, the gross square footage is used to calculate credit using the warehouse criteria. If the building is gone and the square footage is not known, one credit per building will be assigned. A minimum charge for each individual business within a building is not allowed.

Where the prior use was a MCES permitted industrial user, the assigned SAC baseline of the old business use for this property may possibly be retained pursuant to Section 5.3.1.5. If the assigned SAC baseline is not transferred, the new baseline will be the prior user's maximum demand recognized during their most recent capacity demand review (plus any additional SAC paid since the most recent capacity demand review). This intentionally excludes any growth in demand since the most recent capacity demand review, as that capacity would not have been paid for (i.e., charged SAC).

Creditable SAC is often less than the assigned SAC baseline for an industrial site, and paid SAC is often less than creditable SAC. Only where SAC was actually paid for a site, and to the extent of the units paid, is a net credit available to the community to take community-wide.

#### 5.3.2.5 Reporting Requirements

All demolitions that may impact the assigned SAC baseline or creditable SAC must be reported for the prior use to be eligible for any credit on the property. For example, if a demolition permit is issued, the demolition must be reported to MCES by the end of the year. Monthly reporting of all demolitions is recommended. This establishes the potential credit(s) that may be allowed when a new use occurs on the site.

#### 5.3.2.6 Merging or Splitting Properties

If multiple properties are merged into a single legal description, the potential SAC credit for the newly created parcel is the sum of the two (or more) individual properties' potential credit.

If properties are split into multiple parcels, a logical division of the SAC credit potential will be determined by MCES. The potential SAC credits will be based on the most detailed development plan available, allocating the original parcel's potential credits based on either the: a) expected building use (i.e., retail, office, warehouse, etc.); b) square feet of the buildings; or c) lot acreages

compared to the original parcel. The potential SAC credits will be rounded to the nearest whole number on each of the parcels, not to exceed the original potential credit amount.

### 5.3.2.7 Credit Examples

The following industrial property examples are for illustration purposes only:

*Example I-1 (assigned SAC baseline is greater than SAC paid):* 30 SAC has been paid by the community for a permitted industrial user that has an assigned SAC baseline of 50 SAC units. The permitted industrial user adds a third shift to increase production, and a capacity demand review indicates 75 SAC units are needed. The community would be liable to pay MCES for only the 25 new SAC units. Upon payment by the community, the permitted industrial user would have an assigned SAC baseline of 75 SAC units.

*Example I-2 (permanent process change):* In example I-1 above, the same permitted industrial user two years later eliminates a manufacturing process and only needs an assigned SAC baseline of 50 SAC units. If the community submits a permanent process change request to MCES and it is approved, 5 net credits will be available from the paid SAC (the amount of paid SAC over the amount needed on the site). Also, the industry's assigned SAC baseline would be reduced to 50.

*Example I-3 (creditable SAC):* Using example I-1 above, the permitted industrial user with the assigned SAC baseline of 75 SAC units closes and is sold to a commercial developer. The assigned SAC baseline is not transferred. Gross credits available on site may be a combination of paid SAC plus any additional capacity from a non-conforming grandparent demand flow documented prior to January 1, 2009. Only the paid SAC (55 in this example) not needed on the site is available as net credits.

## 5.3.3 SAC Industrial Facility Definitions

### 5.3.3.1 Industrial Discharge Permits

Industrial Discharge Permits may be issued to permitted industrial users occupying part of a building, a single building or multiple building properties. The following information provides guidance during the SAC determination of ICC with each self-monitoring review.

### 5.3.3.2 Part of a Building

A permitted industrial user occupying part of a single building (e.g., renting a bay in a warehouse or renting a floor in a multi-story building), is required to accurately determine wastewater discharged from its operations. SAC for increases in wastewater demand must be paid by the community for the permitted industrial user – unless there are existing SAC credits at a different location within the building. In this case, the building owner and the community must give written consent, and MCES must approve a SAC reassignment within the building. A SAC determination on the whole building will need to be completed to verify that the credits exist under current procedures and are not in use by any other tenant. MCES will not approve such a reassignment if the community does not affirmatively request or approve the reassignment.

No portion of the building can have its SAC allocation (potential for credits) reduced to less than its square footage requirement for its designated use. For example, if an industrial tenant had a SAC calculation of 6 SAC units and vacated a 13,900-square-foot warehouse space, only 4 SAC units could be reassigned to another space within the building. Two SAC units would remain to cover the warehouse use of that space (see Appendix A for our SAC criteria calculations.)

Once credits are reassigned to a specific space and permitted industrial user, those credits are added to the assigned SAC baseline and would remain with that permitted industrial user if that permit is active. Credits would not be able to be reassigned until the permit is terminated.

### 5.3.3.3 One Single Building

A permitted industrial user occupying an entire building, whether owned or rented, will be responsible to the community in which the permitted industrial user is located for SAC for the total wastewater demand from the building. Assigned SAC baseline values will be used to determine if a SAC liability to the community exists.

### 5.3.3.4 Multiple Buildings

An Industrial Discharge Permit may be issued for permitted industrial users for the total wastewater demand from a campus of several buildings within the same community if the property meets **one** of the following definitions:

- One parcel of property contains two or more buildings, and all buildings must be totally occupied by the permitted industrial user.
- Two or more separate parcels of property with contiguous borders and all buildings must be totally occupied by the permitted industrial user.
- Two or more parcels of property that are separated only by a body of water (e.g., stream or river), utility easement or a transportation route (e.g., road, state trail or railroad) and all buildings must be totally occupied by the permitted industrial user.

The properties may be owned or rented by the permitted industrial user. SAC for increases in wastewater demand must be paid by the community. Communities, on behalf of permitted industrial users, may be allowed to informally transfer SAC units from one building to another within the campus to satisfy SAC liabilities resulting from the MCES capacity demand review. The transfer of credits is subject to **all** the following conditions:

- Each building on the property must maintain the minimum number of SAC units to match its intended use for that space (see Appendix A for our SAC criteria calculations). If the intended use for that space is less than 1 SAC, a minimum of 1 SAC unit must be maintained on the building.
- Each credit reassignment must be approved by MCES and by the property owner(s) with a letter of approval from MCES.
- In case of the sale of all or part of the property, MCES will allocate SAC credits to individual buildings as it deems appropriate (that building would no longer be a part of the permitted industrial user's campus).
- If another business shares a building with a permitted industrial user, credits are not allowed to be reassigned to another building and that building would no longer be a part of the permitted industrial user's campus.

Credit reassignments between buildings on a campus are available for credit when SAC liability is discovered during an MCES capacity demand review. SAC liability because of building additions or new construction will have SAC determined using the commercial criteria as found in Appendix A.

Once credits are reassigned to a specific space and permitted industrial user, those credits are added to the assigned SAC baseline and would remain with that permitted industrial user if that permit is active. Credits would not be able to be reassigned until the permit is terminated and a new use occurs.

Note: A community may not transfer SAC credits if a permitted industrial user moves operations to a new location off the site except if the transfer has been approved as part of a SAC credit transfer as described in Section 5.7.

## **5.4 Community Credit System**

### **5.4.1 Legal Description**

#### **5.4.1.1 No Financial Obligation**

SAC credit is an MCES measurement of sewer capacity (in SAC units) that has been or is permanently freed up within the jurisdiction of a community, on which MCES will forego future SAC. This does not constitute a financial obligation on the part of MCES. Communities may not barter, sell, or otherwise treat SAC credits as a commodity, except as described in these procedures. MCES will not honor any agreements between communities and third parties that purport to barter, sell, or otherwise treat SAC credits as a commodity, except as described in these procedures.

#### **5.4.1.2 Sale of Credits Prohibited**

Communities may not sell SAC credits, and SAC credits may not be exchanged in any manner unless part of an approved SAC credit transfer, as described in Section 5.7.

#### **5.4.1.3 Credits and Assigned SAC Baseline are for Informational Purposes**

Credits and assigned SAC baselines are for the information of MCES and the community only and imply no benefit of any type whatsoever for particular property owners or any other third parties.

### **5.4.2 Use of Credits**

#### **5.4.2.1 Generation of Credits**

Net credits will be generated in certain situations for communities where the credits are not needed on the site for a new use. See Section 5.2.2.1 for further details on net credits. If SAC credits from a site were previously used off-site by a community, those credits are no longer available to offset the current or future SAC.

#### **5.4.2.2 Existing Community-Wide Credits**

All community-wide credits that were generated prior to January 1, 2010, and after January 1, 2012, will remain available, until depleted, to the community to offset other SAC at other sites within the community. No SAC may be paid to MCES if there are existing community-wide credits that must first be used (i.e., such credits are required to be used by the community at the next charge(s) of SAC.)

#### **5.4.2.3 Existing Site-Specific Credits**

Any site-specific credits on MCES books that were generated prior to January 1, 2010, and after January 1, 2012, will be honored for use on the specific site where they were generated. Demolitions reported are not considered site-specific credits, only a potential for credit. If site-specific credits exist, they must be used to offset SAC payment due to MCES for a new use on the site. Site-specific credits derived from non-conforming grandparent demand remain on site for up to five years from the date of the new use.

### **5.4.3 Phased Developments**

The potential SAC credits for approved phased developments will be available for the full term of an approved MCES credit determination and phased development plan (with the MCES Phased Development-A form). When the phased development term is completed, any credits that have not been used that originated from SAC actually paid to MCES may be taken community-wide or left site-specific (on the actual site, not anywhere within the area). Those credits that came from non-conforming grandparent demand (where SAC was not actually paid) remain available but only site-specific and only for five years after the end of the term.

Phased development plan submittals should be submitted for approval prior to, or with, the first development that occurs on the planned site. MCES must approve all such phased development credit determinations but will not withhold approval for reasonable phased development plans. Credits are to be used only in the area of the specific planned development and on a first come-first served basis. In other words, no SAC is to be paid to MCES by the community on the phased development site until all existing phased development credits are used.

Within a phased development area, potential credits from a building that continues to be in use must stay on that building's site and cannot be used elsewhere in the planned development area until the old use is completely discontinued. MCES will keep a running balance.

Any building within the approved phased development area that is demolished during the phased development term can be submitted for an additional credit determination evaluation. The potential SAC credit units will be added to the area's phased development credit balance. As part of the phased development, this new credit will be available in the same time frame as the original plan submittal. If not used in the area during the plan, regular credit procedures will apply to the site.

The phased development plan must be approved by the Community Council or other governmental community committee with delegated authority and be consistent with approved comprehensive plans for the community. All items listed on the MCES Phased Development-A form must be submitted which, at a minimum, must be specific about the geographical area involved, the number, type and location of the properties being developed, number of potential credits, type of development planned and the expected year of development for each phase/area. Please note that all properties must be contiguous to be included in the phased development. Phased development plans must be reasonable redevelopment time frames of expected development of the community and not declared for the primary purpose of retaining SAC credits.

#### **5.4.4 Withdrawal from the MCES Service Area**

SAC credits for a withdrawal from the MCES service area will only be available if negotiated with the Council as part of the withdrawal action.

### **5.5 Community Payments and Reporting**

#### **5.5.1 Payments**

##### **5.5.1.1 Regular SAC Payments**

Each community must pay any SAC due when submitting the MCES SAC-A form and other necessary reporting forms, according to reporting deadlines (see Section 5.5.2.1). The SAC rate to be charged is the rate in effect when the community issues the permit (or business license if no permit is required for a change of use) and when the applicant pays the community, regardless of when the permitting process began. In the event that the community does not attempt or has not been able to collect their local SAC from the property or business owner and the payment and permit issuance are at different times the higher of the two rates applies. For example, if a permit is issued in December 2021 but for some reason the applicant does not pay the community for the permit until January 2022, then the 2022 (higher) rate applies.

SAC must not be prepaid in advance of the community permit issuance.

Note: SAC may be collected on a foundation permit. However, if the building plans change between the foundation permit and building permit process, a new determination is required. It is the community's responsibility to ensure that the final determination is correct; that is, based on what is actually built.

The community is responsible for remitting SAC within 30 days of the end of the SAC reporting period in which the permit or business license was issued.

To pay the current year's SAC rate, all determination requests for MCES must be submitted with complete documentation no later than 10 MCES operational days before the end of the year so that staff have adequate time to complete the determination. The community permit or license must be issued no later than December 31. In other words, to pay the 2022 SAC rate, all determination requests must be submitted with all required submittal items (see Section 5.2.1.5.2) no later than December 16, 2022, and the community permit or license must be issued no later than December 31, 2022.

#### 5.5.1.2 Interest Charges

At the discretion of the MCES Finance Director, MCES may add interest to any unpaid and delinquent SAC balances, as permitted by law.

#### 5.5.1.3 Past Due SAC

When unremitted SAC charges from prior years are discovered, for example in a community review, the community must respond in writing within 60 days of the date of the MCES letter if the community can provide additional information or has a dispute with any of the findings to preserve the community's legal rights. All undisputed portions of the findings must be paid within 60 days. In an extraordinary situation, the community may request more time via a written appeal to the MCES Finance Director. Note: The liability for unpaid SAC is the community's responsibility regardless of collection of local SAC from property or business owners.

##### 5.5.1.3.1 Good Faith Efforts and Use of Earlier SAC Rate

Where the community has acted in good faith in the opinion of MCES Revenue, MCES may accept a payment based on an earlier SAC rate and/or without interest accrual. The earlier SAC rate is that rate that was in effect at the time the SAC should have been submitted to MCES. Acceptance of the earlier rate is contingent on payment within 60 days from the date of the MCES letter (or longer in extenuating circumstances, at the discretion of the MCES Finance Director).

#### 5.5.1.4 Collection of Unpaid SAC

MCES reserves the right to collect any unpaid SAC using any mechanisms provided by law, including the use of a Deficiency Levy as provided in Minnesota Statutes §473.521(4) which requires the County Auditor to levy an ad valorem tax on all properties within the community.

#### 5.5.1.5 Discount for Prompt Payment

The community is allowed to retain 1% of the net amount due for current SAC charges to MCES as a discount for prompt payment. However, the community may not take this discount if all the reporting forms and payments are not received by MCES within 30 days of the end of the month (or quarter if quarterly reporting is approved for the current year by MCES). The prompt payment discount is not allowed to be taken on any adjustments or temporary capacity charges made on the SAC report (see Section 5.5.2.1 for reporting deadline).

#### 5.5.1.6 Payment Deferrals (Pursuant to M.S. 473.517 subd. 6)

##### 5.5.1.6.1 SAC Deferral Program

MCES has a deferral program that gives communities the ability to facilitate a local program for deferring SAC payments (with interest) for certain businesses when the SAC charge for the complete business (not just per SAC determination) is for 25 or fewer SAC units (before any credits are applied). Residential property is not included in the SAC deferral program (except those qualifying

for the Residential Deferral Program), nor does it include publicly-assisted housing, motels, hotels, camps, nursing homes, memory care facilities, senior housing, or prisons.

A community must complete the SAC Deferral Application form that will be used to create the standard Master SAC Deferral Agreement that needs to be executed before participating in this program. The deferral program allows a deferral up to 80% of SAC due. The community has a few loan term options to choose from: 1) the amount deferred (maximum 80%), 2) the deferment period (maximum of 10 years), 3) timing of payments (e.g., semi-annual, annual), and 4) the ability to set a minimum number of SAC units that can be deferred. Details of the deferral program are contained in the agreement that can be found on the SAC program website.

If a business that was participating in the deferral program closes, the community has the option to continue making deferral payments or stopping the payments to MCES. Only the amount of SAC and deferral payment actually paid is creditable to a new business moving into that space. This means that if only half of the total SAC due was paid, only half of the SAC is credited to the new business. Non-conforming credit does not apply.

MCES tracks SAC deferrals, their original down payment and the deferral payments made to MCES. When a community notifies MCES that a business has closed and is opting to stop payments, MCES updates the SAC database and deferral tracking system.

Below is a table for how to process a new business that moves into space that was in the deferral program (when there is no change in use):

Construction Needed?	New business continue deferral?	Notes
Yes	N/A	New business would submit for a <b>new determination</b> . Community and business would decide to pay in full or set up new SAC deferral. (MCES will credit actual SAC paid to date in SAC units on the SAC determination.)
No	Yes	Community should <b>notify MCES</b> (via e-mail) that deferral payments will continue with the new business and state the new business name. MCES will modify its records.
No	No	Community should request <b>new determination</b> . Determination will give credit for actual SAC paid to date in SAC units. Community to pay remaining deferral balance on Monthly SAC Activity Report.
No	No business takes over after closure	If community does not notify MCES of the closure, deferral billing from MCES to community will continue. At notification, community can choose to have billing stop or continue, which will increase credit available for the site.

Contact MCES for further information.

#### 5.5.1.6.2 SAC Residential Deferral Program

MCES also has a residential deferral program. It gives communities the ability to facilitate a community program for existing property owners that are on existing on-site private wastewater treatment systems that are being converted to the metropolitan disposal system. A community must execute the standard Master SAC Residential Deferral Agreement to participate in this program. Details of the residential deferral program are contained in the agreement, including some options for

loan terms. Contact MCES for further information and to receive a copy of the SAC Residential Deferral Application form.

#### 5.5.1.6.3 Rural Center SAC

Pursuant to Council policy, rural centers may request to participate in the metropolitan disposal system. Such participation requires a higher community-specific SAC rate and may also include payment deferral terms pursuant to a community-specific agreement.

#### 5.5.1.6.4 Region-Wide Economic Significance

For issues of region-wide economic significance, SAC payments by communities may be deferred, that is amortized over a period of up to ten years. Payments must include interest and a guarantee of payment by the community. All terms included in the Master SAC Deferral Agreement noted in 5.5.1.6.1 will apply, with the exception that there is no SAC limit for the deferral. Contact MCES for further information and to receive a copy of the SAC Deferral Application.

#### 5.5.1.7 Unpaid SAC Discoveries

Communities should pay for the SAC liability to MCES for any discoveries of situations that did not but should have paid. However, if collecting from the underlying responsible party is problematic, the community may not be required to pay, based on a community appeal approval (see Section 5.2.1.9).

MCES agreed with a 2012 SAC work group to limit its community review findings to three years but may occasionally discover deficiencies outstanding longer than that even without a systematic review. In those situations, communities will be advised of the situation. For the community to receive credit from unpaid SAC, the community must not have been notified at any time since January 1, 2009, representing capacity that is being used. When unpaid SAC for capacity being demanded is discovered by MCES more than three years after it should have been paid, the community will be notified. The community has the option to a) pay the unpaid SAC to make the site “whole” for its current capacity demand, or b) not pay for the unpaid SAC but understand that there will be no potential non-conforming credit for the next change of use for this site.

### **5.5.2 MCES SAC-A Form - Activity Summary Report**

The MCES SAC-A form is a summary of permit and payment activity for the reporting period based on information from the supporting activity report forms. The MCES SAC-A RC form is the summary of information from the supporting activity report forms for rural centers use only.

#### 5.5.2.1 Reporting Deadline

If a community had a prior-year activity level of 37 SAC units or higher, MCES must receive the SAC report and payment (not simply post marked) within 30 days of the end of each month with the payment and corresponding forms. SAC reports from communities with a prior-year activity level of no more than 36 SAC units and where the previous reports have been submitted by the report deadline, may report on a quarterly basis (but such reports must be received by MCES not simply post marked within 30 days of the end of each quarter) if the community has received prior approval from MCES (see Section 5.5.7).

#### 5.5.2.2 No Activity

If no SAC activity occurs during the reporting period, the community may write “no activity” on the form and mail, fax or email it to MCES. These reports must also be received by MCES within 30 days of the end of each month (or quarter). In all cases the report must state the name of the community, the reporting period and year, “no activity”, and the contact’s name and information. If



the community has any community-wide credits, the amount of community-wide credit should be listed on the report or in the body of the email.

### 5.5.2.3 Activity Without SAC Due

If SAC activity occurred during the month or quarter, even if no SAC amount was due, the detail must be included in the SAC report on the appropriate forms or other MCES-approved formats. For example, if a permit is issued for a remodel that had a determination with a net of 0 SAC due, this permit activity needs to be included with the current SAC Activity Report.

### 5.5.2.4 Cancelled or Voided Permits

Communities may obtain a credit of SAC paid to MCES for a permit that has been canceled or voided after fees were paid to MCES. The community must attach a copy of the permit, marked “void/cancel,” to the SAC-A form (and indicate the credit in the SAC adjustment area of the form). The credit will only be the amount actually paid to MCES. For example, if the community paid \$2,460.15 (2022 SAC rate of \$2,485/unit less 1% prompt payment discount) for a single-family dwelling, the amount of the credit is \$2,460.15.

## 5.5.3 MCES SAC-B Form - Residential Detail Report

### 5.5.3.1 Documentation of New Use Residential Activity

The MCES SAC-B form is required to document all new use activity for residential properties. All residential activity must still be shown on the MCES SAC-A form submittal.

### 5.5.3.2 Computerized Reporting Standards

For the “New Use” part of the SAC-B form, the community may substitute a computerized listing for the required detail, as long as it clearly includes the following information: building permit number, issue date, address, type of dwelling unit and SAC units charged. All residential activity must still be summarized on the MCES SAC-A form.

### 5.5.3.3 Requirements for Credits

Credits are available (to be reported in the “Previous Use” part of the SAC-B form) when a new use is being established on the site for a prior use. The type of credit must be indicated on the form by checking one of the boxes: SAC paid, non-conforming grandparent demand, or non-conforming gross square feet. If the prior use is being, or was, demolished, the demolition permit number and demolition potential credit also needs to be indicated on the form. Even if the credit will be used right away, current demolitions must be reported on the MCES SAC-D form. No credits are generated until a new use is declared on this form. Demolitions that occurred in a prior calendar year and have not been correctly reported on the MCES SAC-D form are not eligible for credits.

Net credits are only applicable if the credit is from SAC paid or non-conforming grandparent demand. Only SAC paid credits can be taken as community-wide credits.

### 5.5.3.4 Approval for Discounts

Discounts, pursuant to Section 5.1.2, require prior written approval of MCES. This written approval must be attached to the MCES SAC-B form.

## 5.5.4 MCES SAC-C Form – Commercial Detail Report

### 5.5.4.1 Documentation of New Use Commercial Activity

The MCES SAC-C form is required to document all new use and change of use activity for commercial properties (including nonprofit, governmental, and institutional). A SAC determination

letter may be substituted for this form if it includes an address, building permit number, issue date and pertinent credit information. All commercial activity must be shown on the MCES SAC-A form.

#### 5.5.4.2 Requirements for Credits

Credits are available (to be reported in the “Previous Use” part of the form) when a new use is being established on the site and the prior use is currently being remodeled, currently being demolished, or was demolished and properly reported to MCES on the MCES SAC-D form. Even if the credit will be used right away, current demolitions must be reported on the MCES SAC-D Demolition Declaration form. No credits are generated until a new use is declared on the SAC-C form. Demolitions that occurred in a prior calendar year and have not been correctly reported on the MCES SAC-D form are not eligible for credits.

### 5.5.5 MCES SAC-D Form - Demolition Declaration Report

#### 5.5.5.1 Demolished Properties

The MCES SAC-D form is required to document all demolition activity. This form establishes a potential future credit and must be submitted in order for demolition credits to be applied to a future new use. Demolitions must be reported to be creditable. If the MCES SAC-D form is not submitted, the property is not eligible for a future credit. Monthly reporting is recommended.

Some determinations are completed with the use of a “future demolition” and that potential credit is applied to the proposed new use. If the demolition occurs, but is not reported to MCES, additional SAC may be due for the unreported demolition.

#### 5.5.5.2 Valid Report

The MCES SAC-D form is not valid without all columns filled in and must include the following attachments:

- Non-residential demolitions including apartments must be accompanied by the MCES SAC-C form or a SAC determination letter.
- Industrial property demolitions must be accompanied by a MCES SAC determination letter.

#### 5.5.5.3 Credits

Potential credits are subject to the following:

- The SAC credit for a property is based on SAC payment or non-conforming demand (see Section 5.4.2.1), in SAC units. No credit will be allowed if the property should have paid SAC but did not.
- Properties that paid SAC prior to 1987 but were never connected to the metropolitan disposal system, and for which the community did not participate in the SAC Rebate Program during 1987-1989, will continue to be creditable if and when a connection occurs.
- If a discount or a waiver was applied, the credits will be correspondingly reduced. For example, if an apartment complex received a 20% discount, then the potential credit is 0.80 SAC for each unit demolished.
- No credits are available if the property participated in the Council’s 2000-2003 Inclusionary Housing SAC Waiver Program, or for any reason had SAC waived.
- No credit is allowed if the building was previously not connected to a central sewer.
- No credit is allowed if the demolition was done in a prior year and not properly reported.

#### 5.5.5.4 Demolition Permit Required

There must be a demolition permit or other verifiable documentation to support the credit claim.

#### 5.5.6 MCES SAC-E Form – SAC Deferral Report

The MCES SAC-E form is for those communities that have executed the standard Master SAC Deferral Agreement. This form is to include information on those businesses that the community is requesting to participate in the SAC deferral program with MCES.

#### 5.5.7 MCES SAC-F Form – SAC Residential Deferral Report

The MCES SAC-F form is for those communities that have executed the standard Master SAC Residential Deferral Agreement. This form is to include information on those residential properties that the community is requesting to participate in the SAC residential deferral program with MCES.

#### 5.5.8 Quarterly Approval Form

All communities with a prior-year activity level of no more than 36 SAC units that have submitted the previous year's reports by the report deadline are eligible for quarterly reporting. Those that qualify will receive a "Quarterly Approval" form that must be signed and returned by the end of February to be eligible. This allows the community the option of reporting monthly or quarterly.

If the community chooses to report quarterly, but during the year the community exceeds 36 units, or if the quarterly report is submitted late, the quarterly reporting approval is revoked. The community must then report on a monthly basis.

### 5.6 SAC Collection for Community Discharging to the Metropolitan Disposal System for the First Time

A community within the seven-county metro area is required to collect SAC according to the procedures in this SAC Procedure Manual beginning at the SAC trigger date described in three different circumstances below.

The Council will make the sole determination of the applicable date and notify the community unless such notice is implicit in an acquisition or service agreement. Note that where the trigger date and the related liability occurs on a projected date one year prior to service, a delay in completion of the project may not change the SAC liability due to MCES, at the discretion of MCES.

#### 5.6.1 Treatment Plant(s) to be Acquired by MCES

If the service area has an existing treatment plant that MCES plans to acquire and the SAC liability start is not defined in the agreement, the SAC trigger date shall be the later of a) the date of the acquisition agreement or b) one year prior to the transfer of ownership to the Council.

All properties being served by the local treatment plant prior to the SAC trigger date will be grandparented into the metropolitan disposal system at their demand at the time of the SAC trigger date. The community will not normally owe SAC for those properties. The only exception to this grandparenting provision is where the community debt to be assumed by the Council, pursuant to Minn. Statutes section 473.511 subd. 2, is disproportionate to the reserved capacity of the system being acquired. In such a case, at the sole discretion of MCES, SAC will be due to the Council to make up the disproportion.

In order to grant the grandparent credits, the community shall provide an inventory of all addresses being served by the local treatment plant (i.e., a current list of all customers currently paying for sewer service from the community). This inventory should identify commercial and industrial users and their current wastewater demand in addition to all residential properties at the SAC trigger date. If the community does not provide the inventory to MCES by the SAC trigger date, then the grandparent credits shall not be applied.

After the SAC trigger date, SAC shall be collected in compliance with all of the procedures in this manual. If a building permit was issued prior to the SAC trigger event so SAC was not collected, but the SAC trigger date occurs prior to actual physical sewer hook-up, SAC must be paid with the hook-up and at the SAC rate in effect at that time.

### **5.6.2 Treatment Plant(s) Not to be Acquired by MCES**

If the new service area has a treatment plant that is not being acquired by the Council, the Council will serve the area through an interceptor. Unless the SAC trigger date is identified in an agreement, the SAC trigger date shall be one year prior to the time the Council projects that service will be available.

All properties being served at the SAC trigger date by a local treatment plant that is being phased out due to the MCES service will normally be grandparented into the metropolitan disposal system at the demand level at the time of the SAC trigger date and the community will not owe SAC for those properties. In addition, if the community is acquiring multi-user private treatment facilities (with at least 25 connections) prior to MCES service startup, those users with established demand at the trigger date will also be grandparented for SAC purposes (that is, the community will not pay MCES).

In order to grant the grandparent credits, the community shall provide an inventory of all addresses being serviced by the local treatment plant (i.e., a current list of all customers currently paying for sewer service from the community). This inventory should identify commercial and industrial users and their current wastewater demand in addition to all residential properties at the SAC trigger date. If the community does not provide the inventory to MCES by the SAC trigger date, then the grandparent credits shall not be applied.

After the SAC trigger date, SAC shall be collected in compliance with all of the procedures in this manual. If a building permit was issued prior to the SAC trigger event and SAC was not collected, but the SAC trigger date occurs prior to actual physical sewer hook-up, SAC must be paid with the hook-up and at the SAC rate in effect at that time.

### **5.6.3 Service Area not Previously Served by a Treatment Plant**

If the new service area has not been previously served by a treatment plant and will be served by MCES through an interceptor, by a new MCES treatment plant or connected to another community's sewer trunk line which is connected to the metropolitan disposal system, the SAC trigger date shall be one year prior to the time the Council projects that service will be available.

After the SAC trigger date, SAC shall be collected in compliance with all of the procedures in this manual (e.g., a building or connection permit is issued which either directly or indirectly connects property to the metropolitan disposal system). If a building permit was issued prior to the SAC trigger event and SAC was not collected, but the SAC trigger date occurs prior to actual physical sewer hook-up, SAC must be paid with the hook-up and at the SAC rate in effect at that time.

In this circumstance no grandparenting of SAC applies (that is, all properties connecting shall accrue a liability for SAC due to MCES).

## **5.7 SAC Credit Transfers**

A SAC credit transfer allows a transfer of SAC credits between or within communities (major) and between sites within a community (minor). SAC credits transferred may only be applied up to the amount needed on the new site for the new use.

### **5.7.1 Requirements for a Major Credit Transfer**

Major SAC credit transfers are allowed in situations where:

- The request originates either from the community or from the Department of Employee and Economic Development (DEED) for a business DEED determines is of statewide economic significance. It is expected that if DEED initiates the request, it will contact representatives of the community that may lose the business prior to, or as part of initial discussions, with the company proposing to move and/or the community where the transferred credits may end up.
- The transferring entity is a) a standard permitted industrial user of MCES (excluding liquid waste haulers, special discharge permittees or general permittees); or b) any other entity served by the metropolitan disposal system where at least 50 full-time equivalent jobs are currently located on the site to be moved.
- The entity requesting the credit transfer is not a service or retail company (retail businesses include, but are not limited to retail shopping stores, restaurants, salon/spas, and repair shops). Large office corporations are acceptable, if approved by DEED.
- The owner of the business or entity requesting the credit transfer is the property owner of the existing site (or has the written consent of the property owner for the credit transfer).
- MCES reviews and approves the availability of capacity in conveyance (lift stations and interceptor pipes) and treatment facilities for the new site.
- MCES has received written approval on approved forms from each community involved.

#### 5.7.1.1 Determination of Credits Available for a Major Transfer

The number of credits that may be transferred is either a) at the discretion of the community representing the existing site of the business or entity but limited to the amount potentially available at that site (only those that came from SAC paid to MCES), or b) if the community has a community-wide credit balance, the number of unused community-wide credits. A minimum of one SAC unit per building must be left at the current site. If all buildings will be demolished as part of this credit transfer, this minimum requirement does not apply.

##### 5.7.1.1.1 Campus Credits

The allocation of SAC units between buildings that will be retained for those businesses or entities that are considered campuses for SAC purposes is at the reasonable discretion of MCES.

##### 5.7.1.1.2 Permitted Industrial Users

For industrial properties permitted by MCES, the procedures for potential SAC credit availability are stated in Section 5.3.2. Any assigned SAC baseline value above the creditable capacity is not transferable.

##### 5.7.1.1.3 Credit Balances from other Communities

Any community that has a community-wide credit balance must use those credits to offset the current charges on their SAC activity report. However, booked community-wide credits are available to be transferred to another community as part of a major SAC credit transfer if all of the requirements of Section 5.7.1 are met.

#### 5.7.1.2 Implementation of a Major SAC Credit Transfer

##### 5.7.1.2.1 Timing

SAC credit transfers occur at the point of execution of the required documents by all parties. MCES will notify all parties when this is complete. Once the SAC credit transfer occurs, these credits become the reserved capacity for the community on the future site for the business or entity (e.g., site-specific credits).

#### 5.7.1.2.2 Revocability

If either a building permit for the new site has been issued or if a new use has been established on the old site (the existing site before the transfer), the credit transfer is irreversible and irrevocable. Up to that point in time the credit transfer may be reversed with the agreement of all communities.

#### 5.7.1.2.3 Use of Credits After the Major Transfer

Once the SAC credit transfer has occurred, the credits are usable only on the specific site (or approved campus) to which they were transferred unless part of a phased development.

#### 5.7.1.2.4 Community Reporting

The communities are responsible for reporting the SAC credit transfer on the SAC Activity Report. The community at the current site is responsible for reporting the SAC credits being transferred to the future site. Once the local permit, as stated on the MCES Major Credit Transfer – C2 form, has been issued, the community at the future site is required to report the SAC credit transfer on the next SAC Activity Report to MCES.

#### 5.7.1.3 SAC Major Credit Transfer Forms

##### 5.7.1.3.1 MCES Major Credit Transfer–A Form - DEED Checklist

The MCES Major Credit Transfer–A form is a checklist for DEED that includes the minimum requirements for a SAC credit transfer.

##### 5.7.1.3.2 MCES Major Credit Transfer–B Form - Submittal List

The MCES Major Credit Transfer–B form is a submittal list for the business or entity wishing to transfer available credits to a new location. The legal owner of the business must sign and date this form.

##### 5.7.1.3.3 MCES Major Credit Transfer–C1 Form - Community Form for the Current Site

The MCES Major Credit Transfer–C1 form is an approval form for the community representing the current site. This form states the number of credits that will be transferred. Only the community Finance Director or Community Manager has the authority to sign this form.

##### 5.7.1.3.4 MCES Major Credit Transfer–C2 Form - Community Form for the New Site

The MCES Major Credit Transfer–C2 form is an approval form for the community representing the new site. This form states what type of local permit will be issued to activate the SAC determination on the new site. It acknowledges that these credits are only available on the specific site to which they were transferred. Only the Community Finance Director or Community Manager has the authority to sign this form.

#### **5.7.2 Minor SAC Credit Transfers for Small Businesses**

Minor SAC credit transfers are allowed in situations where:

- A request from the community is detailed on the MCES Minor Credit Transfer-D form that includes the signature of an authorized official of the community.
- The transfer is limited to 10 SAC or fewer and is only for the benefit of an identified, current business moving from one site to another in the same community.
- The transfer is limited to those sites for which the community remitted SAC to MCES. Transfers will not be allowed for non-conforming uses.
- The transfer request is not for the benefit of a residential or industrial SAC determination.

- A minimal SAC demand for the site must be retained, as appropriate for the type of property (retail, office, and/or warehouse). If the gross square feet of the building calculates to less than 1 SAC unit for the appropriate building type, a minimum of 1 SAC unit for all stand-alone buildings must be retained at the site from which SAC is being transferred.
- The transfer may receive provisional approval from MCES such that the business can continue operating on the old site while the new site is being built out (has gotten a building permit and has received the benefit of the transferred SAC credits). However, the certificate of occupancy on the new space will trigger SAC due if the transferred SAC from the old space is continuing to demand wastewater capacity.

## **5.8 Community SAC Reviews**

### **5.8.1 Basis for Community SAC Reviews**

MCES will review each community's records at least once every three years to assure conformance and consistency with its SAC procedures.

### **5.8.2 Records Reviewed**

During each review, MCES will look only at the most recent three years of building or permit or license activity including, but not limited to:

- New residential permits
- Residential addition permits that increase the number of dwelling units
- New commercial permits
- Commercial remodel, addition, tenant finish, and build-out permits
- Business licenses that change the use of the space
- Federal construction sewer connections
- Demolition permits

MCES will also review the SAC reports during the review period and verify that the 1% prompt payment discount has been taken correctly.

### **5.8.3 Community Review Payments and Reporting**

#### **5.8.3.1 Past Due SAC**

When unremitted SAC charges from prior years are discovered during a community review or otherwise, the community must respond in writing within 60 days from the date of the MCES letter if the community can provide additional information or has a dispute with any of the findings to preserve the community's legal rights. All undisputed portions of the findings must be paid within 60 days. In an extraordinary situation, the community may request more time via a written appeal to the MCES Finance Director.

Note: The liability for unpaid SAC is the community's responsibility regardless of collection of SAC from property or business owners.

#### **5.8.3.2 Good Faith Efforts and Use of Earlier SAC Rate**

Where the community has acted in good faith in the opinion of MCES Revenue, MCES may accept a payment based on an earlier SAC rate and/or without interest accrual. The earlier SAC rate is the rate that was in effect at the time the SAC should have been submitted to MCES. Acceptance of the earlier rate is contingent on payment within 60 days from the date of the community review letter (or longer in extenuating circumstances, at the discretion of the MCES Finance Director).

### 5.8.3.3 Reporting Community Review Charges

Any amount due to MCES from the community review must be submitted on the “adjustment” line on the MCES SAC-A form. The 1% prompt payment discount cannot be taken off any adjustments due.



## 6. APPENDICES

# Appendix A-1: Gross Square Foot SAC Criteria for Commercial Properties

Note: Not all SAC criteria are listed in Appendix A. An attempt has been made to include all uses for each business type. There may be an individual use that was not included. For rare types of uses (or any not listed) contact MCES for Determination. MCES should make the final Determination on which SAC criteria to apply in unusual circumstances to make sure the criteria are applied consistently with any similar precedents.

<b>Business Type</b>	<b>Parameter</b>	<b>SAC</b>
<b>Bakery/Butcher</b> Includes office, retail, warehouse/storage; Process discharge is charged additional	-	-
Retail Bakery with production area, no customer seating	1300 square feet	1
Retail Bakery with production area and customer seating, calculate at <i>Food &amp; Drink</i>	-	-
Wholesale Bakery/Food Production with no retail area or customer seating, calculate at <i>Mixed Use</i> or <i>Warehouse</i> ; production area fixtures are charged additional	-	-
<b>Banquet Hall</b> Includes office, meeting, kitchen, warehouse/storage, lounge, bride/groom suites, lockers/showers	1650 square feet	1
<b>Barber/Salon Spa</b> Includes office, retail, meeting, warehouse/storage, hair stations, nail stations, lockers/showers, and massage tables (if business also has hair and/or nail stations, if not, massage is charged a different criteria); Whirlpool/tub is charged additional	700 square feet	1
Vichy Shower – 4 shower heads or fewer per treatment station	1 treatment station	4
Vichy Shower – 5 or more showers heads per treatment station	1 treatment station	8
<b>Brewery/Distillery</b> Includes office, retail, meeting, warehouse/storage, production space, customer seating; Process discharge is charged additional	-	-
Production area is more than 10% of total gross square feet and has customer seating	950 square feet	1
Production area is 10% or less total gross square feet and has customer seating, calculate at <i>Food &amp; Drink</i>	-	-
No customer seating, calculate at <i>Mixed Use</i> or <i>Warehouse</i>	-	-
<b>Car/Vehicle Dealership</b> Includes office, retail, warehouse, service bays, lockers/showers, floor drains; Wash Bays/Hose Bibs for vehicle washing are charged additional	3250 square feet	1
<b>Church/Worship</b> Includes worship and congregation space, office, meeting, warehouse/storage, lockers/showers, classrooms, nursery, stage, banquet, small coffee café, ablution rooms	2300 square feet	1
<b>Clinic</b> Includes dental vacuum, sterilizers, office, meeting, warehouse, lockers/showers; Dialysis is charged additional	-	-
50% or more of the exam rooms have sinks	2150 square feet	1
Less than 50% of the exam rooms have sinks, calculate at <i>Office</i>	-	-

<b>Business Type</b>	<b>Parameter</b>	<b>SAC</b>
<b>Community Center</b> Includes office, meeting, classrooms, banquet, warehouse/storage, prayer, library, fitness, lockers/showers	-	-
Less than 50% of total gross square feet is fitness area (pool, courts, weight rooms, track, workout area, etc.)	1750 square feet	1
50% or more of total gross square feet is fitness area, calculate at <i>Fitness</i>	-	-
<b>Daycare</b> Includes office, preschool classrooms, meeting, warehouse/storage, shower/lockers	900 square feet	1
<b>Educational</b> Includes elementary, secondary, college and learning centers. Includes classroom, lab, office, meeting, auditorium, gymnasium, showers/lockers	1150 square feet	1
<b>Dorm Room</b> (on and off campus)	5 beds	1
<b>Exterior Bleachers</b> (with restroom facilities available)	110 seats	1
<b>Fitness</b> Includes fitness, dance, office, meeting, retail, warehouse/storage, daycare, salon, massage, tanning, small café, showers/lockers, pool/whirlpool, team sport courts/cages, roller rinks (excluding tennis courts as those are charged separately)	1600 square feet	1
<b>Food &amp; Drink</b> Include bar, coffee shop, tap room, dance floor, brewery/distillery with 10% or less production space, bakeries with seating, and restaurant with customer seating.  The gross square feet includes all areas associated with the business on each level/floor. This may include seating area, bar area, bathrooms, hallways, storage, prep space, coolers, kitchen, minimal retail area, etc.	300 square feet	1
<b>Food &amp; Drink - Outdoor</b> (75% outdoor spaces discount already applied)	1200 square feet	1
<b>Funeral Home</b> Includes prep area, viewing area, office, meeting, banquet, fixture units; Residential unit charged separately	1200 square feet	1
<b>Gas Station</b> Includes gas pump, retail, storage, office, customer seating	1950 square feet	1
Customer seating area does not have a clear delineation of space and is greater than 10% of the total gross square feet, calculate at <i>Food &amp; Drink</i>	-	-
<b>Massage</b> Includes office, retail, storage, showers/lockers	-	-
Massage stations only	1200 square feet	1
Massage stations with hair and/or nail stations, calculation at <i>Barber/Salon Spa</i>	-	-
Vichy Shower – 4 shower heads or fewer per treatment station	1 treatment station	4
Vichy Shower – 5 or more showers heads per treatment station	1 treatment station	8

Business Type	Parameter	SAC
<b>Mixed Use</b> Mixture of office, warehouse and retail that exceed 10% accessory use threshold; Includes office, warehouse, retail, meeting, cafeteria, fixture units, showers/lockers	3800 square feet	1
<b>Wholesale Bakery/Food Production</b> (in addition to <i>Mixed Use</i> )	*17 fixture units	1
<b>Mixed Use Entertainment</b> Mixture of fitness or interactive space such as trampolines, gaming, climbing towers, arcade, thrill rides, indoor golf, bowling, office, warehouse/storage, retail, meeting, party rooms, etc. that may include food and drink space. Go-karts, bowling/throwing lanes, golf course/driving range, etc. are charged in addition to gross square feet criteria. <i>See individual use criteria for go-karts, bowling/throwing lanes, golf/driving range</i>	-	-
Food & Drink area less than 10% of gross square feet	1600 square feet	1
Food & Drink area 10%-24% of gross square feet	1000 square feet	1
Food & Drink area 25%-50% of gross square feet	600 square feet	1
Food & Drink area 51% or more of gross square feet	300 square feet	1
<b>Office</b> Includes meeting, shower/lockers, cafeteria, fixture units	2650 square feet	1
If warehouse use exceeds 10% of the total gross square feet, calculate at <i>Mixed Use</i>	-	-
<b>Police Station</b> Includes cells, office, meeting, storage, showers/lockers, vehicle bays, private shooting range, floor drains, drivers	2400 square feet	1
<b>Public Library</b> Includes office, meeting, storage, fixture units, showers/lockers	3950 square feet	1
<b>Restaurant – Takeout</b> No indoor customer seating. If it has indoor customer seating, calculate at <i>Food &amp; Drink</i> . If it has outdoor seating only, in addition to <i>Restaurant-Takeout</i> criteria for indoor use, calculate outdoor area at <i>Food &amp; Drink – Outdoor</i>	1300 square feet	1
<b>Retail</b> Includes office that is part of the main function of the business (e.g., managers, accounting, etc.), meeting, warehouse/stock, showers/lockers, and fixture units; Individual tenant spaces will be excluded from the gross square feet calculation and charged based on their individual use	3050 square feet	1
Additional uses (e.g., clinic, salon, café, etc.) that exceed the 10% accessory use threshold and does not have a clear separation of tenant space, calculate at <i>Retail-Mixed</i>	-	-
<b>Retail-Mixed</b> Retail criteria where additional uses exceed the 10% accessory use threshold; Individual tenant spaces will be excluded from the gross square feet calculation and charged based on their individual use	1900 square feet	1

<b>Business Type</b>	<b>Parameter</b>	<b>SAC</b>
<b>Vehicle Garage/Public Works Maintenance Facilities</b> Primary use is vehicle storage or fleet operations. Includes office, meeting, warehouse/storage, showers/lockers, service bays for private use only, drivers, fixture units; Process discharge and wash bays/hose bibs used for vehicle washing are charged additional	4300 square feet	1
<b>Vehicle Service</b> Primary use is service performed on customer vehicles. Includes office, meeting, retail, warehouse/storage, service bays, showers/lockers, fixture units; Wash bay/hose bib used for vehicle washing are charged additional  If the gross square feet of the vehicle service building has 50% or more warehouse or storage, then the Individual Use Criteria applies	2550 square feet	1
<b>Warehouse</b> Includes office, meeting, showers/lockers, and fixture units	6950 square feet	1
If office use exceeds 10% of the total gross square feet, calculate at <i>Mixed Use</i>	-	-
<b>Wholesale Bakery</b> (in addition to <i>Warehouse</i> )	*17 fixture units	1

The auxiliary uses listed below are charged in addition to the gross square feet criteria above. Also see the Independent Use criteria in Appendix A-2:

- Bowling Lanes
- Car Wash/Wash Bay/Hose Bib
- Dialysis
- Go-Karts
- Golf/Driving Range
- Parking Garage
- Process Discharge
- Production Area Fixtures in Wholesale Bakery
- Tennis Court
- Tub/Whirlpool

# **Appendix A-2: Independent Use SAC Criteria for Commercial Properties**

Note: Not all SAC criteria are listed in Appendix A. An attempt has been made to include all uses for each business type. There may be an individual use that was not included. For rare types of uses (or any not listed or missing sub-uses below the main use) contact MCES for Determination. MCES should make the final Determination on which SAC criteria to apply in unusual circumstances to make sure the criteria are applied consistently with any similar precedents.

<b>Business Type</b>	<b>Parameter</b>	<b>SAC</b>
<b>Airport/Terminals</b>	<i>Contact MCES</i>	-
<b>Animal Clinic</b> (e.g., veterinarian, humane societies, animal research, boarding, etc.)	-	-
Fixture Units	*17 fixture units	1
Animal Washing	1 tub	1
<b>Animal Grooming</b>	-	-
Animal Grooming	4 stations	1
Animal Washing	1 tub	1
Office	2400 square feet	1
Meeting	1650 square feet	1
Retail	3000 square feet	1
Warehouse/Storage	7000 square feet	1
Kennel Floor Drains/Showers	*17 fixture units	1
<b>Apartment</b> ( <i>See Section 5.1.2 for discount</i> ); NOTE: No charge for a pool inside the apartment building used by residents only	1 apartment	1
Office (speculative)	<i>Use GSF Criteria</i>	-
Office (administrative)	2400 square feet	1
Retail	<i>Use GSF Criteria</i>	-
Parking Garage	*17 fixture units	1
Car Wash Bay	1 bay	3
Clubhouse ( <i>See Clubhouse/Mechanical/Maintenance Building/Pool House, etc.</i> )	-	-
<b>Arena</b>	-	-
Bleachers (1.5 feet per seat)	110 seats	1
Spectator Viewing	1650 square feet	1
Office/Press Box	2400 square feet	1
Meeting	1650 square feet	1
Warehouse	7000 square feet	1
Retail	3000 square feet	1
Concessions	*17 fixture units	1
Team/Referee Rooms	*17 fixture units	1
Ice Resurfacer	1 resurfacer	4
Food & Drink Area (non-concessions)	<i>Use GSF Criteria</i>	-
Banquet	<i>Use GSF Criteria</i>	-
Parking Garage	*17 fixture units	1
<b>Assisted Living</b> ( <i>See Elderly Housing</i> )	-	-
<b>Bingo Hall</b> (used only for bingo; if serves food and/or drink, calculate at <i>Food &amp; Drink GSF</i> )	1650 square feet	1
<b>Boarding House</b> (with food service)	5 beds	1

<b>Business Type</b>	<b>Parameter</b>	<b>SAC</b>
<b>Bowling Alley</b>	-	-
Alley	3 alleys	1
Retail	3000 square feet	1
Office/Daycare	2400 square feet	1
Meeting	1650 square feet	1
Warehouse/Storage	7000 square feet	1
Game Room with liquor	590 square feet	1
Game Room without liquor	2060 square feet	1
Food & Drink	<i>Use GSF Criteria</i>	1
Banquet	<i>Use GSF Criteria</i>	1
<b>Camp</b>	-	-
Children's camps (central toilet and bath; overnight, primitive cabins; number of occupants x 50 gallons/occupant)	274 gallons	1
Day camps (no meals served; number of occupants x 10 gallons/occupant)	274 gallons	1
Labor/construction camps (number of occupants x 50 gallons/occupant)	274 gallons	1
Resorts	-	-
Housekeeping cabins with private baths (number of beds x 60 gallons/bed)	274 gallons	1
Resort building (e.g., game, office, groundskeeper, manager, etc.)	*17 fixture units	1
Resort Only Dining (resort guests only; If open to public, calculate at <i>Food &amp; Drink GSF criteria</i> ; Includes the gross square feet of the kitchen, wait area, kitchen/bar storage, seating area, and bathroom designated for the dining room)	450 square feet	1
Travel trailer parks	-	-
With water and sewer hookup (number Sites x 100 gallons/Site)	274 gallons	1
With central toilet and showers (number of Sites x 75 gallons/Site)	274 gallons	1
Sanitary dump (Sites without hookup; number of Sites x 10 gallons/Site)	274 gallons	1
<b>Card Room</b>	<i>Contact MCES</i>	-
<b>Car Wash</b>	-	-
Self-Serve (Non-automatic); Other Car Wash Bay or Hose Bib Area	1 Bay	3
Roll-Over (Automatic) (Spec sheet stating the number of gallons per <u>each</u> wash type divided by number of wash types x 100 cars)	274 gallons	1
Conveyor/Pull-Through (Automatic) (Spec sheet stating the number of gallons per <u>each</u> wash type divided by number of wash types x 200 cars)	274 gallons	1
Reclaim System	<i>Contact MCES</i>	-



<b>Business Type</b>	<b>Parameter</b>	<b>SAC</b>
<b>Catering/Meal-to-Go</b> (no customer seating; if has customer seating calculate at <i>Food &amp; Drink</i> )	-	-
Food Prep with No Dishwashing – Maximum number of meals prepared in one day x 1.5 gallons/meal	274 gallons	1
Food Prep & Dishwashing – Maximum number of meals prepared in one day x 3 gallons/meal	274 gallons	1
Office	2400 square feet	1
Meeting	1650 square feet	1
Warehouse/Storage	7000 square feet	1
Shower	*17 fixture units	1
<b>Clubhouse/Mechanical/Maintenance Building/Pool House, etc.</b> (for general use by residents of residential complex only; must be restricted with key or keycard access)	1 unit	1
If used by public or does not have restricted access	*17 fixture units	1
<b>Condominiums</b>	1 unit	1
Parking Garage	*17 fixture units	1
Meeting	1650 square feet	1
Office (speculative)	<i>Use GSF Criteria</i>	-
Office (administrative)	2400 square feet	1
Retail	<i>Use GSF Criteria</i>	-
<b>Convention Center</b> (15 square feet/person)	14 people	1
Office	2400 square feet	1
Meeting	1650 square feet	1
Warehouse/Storage	7000 square feet	1
Banquet	<i>Use GSF Criteria</i>	1
Food & Drink	<i>Use GSF Criteria</i>	1
Showers	*17 fixture units	1
Parking Garage	*17 fixture units	1
<b>Correction Facility</b> (e.g., prison)	-	-
Inmates	3 inmates	1
Guards	14 people	1
Office	2400 square feet	1
Meeting	1650 square feet	1
Warehouse/Storage	7000 square feet	1
Shooting Range (6 feet/lane); <i>See Section 5.2.1.6 for discount</i>	6 lanes	1
Showers/Lockers (employee)	*17 fixture units	1
<b>Court Room</b>	1650 square feet	1
Office	2400 square feet	1
Meeting	1650 square feet	1
Warehouse/Storage	7000 square feet	1

<b>Business Type</b>	<b>Parameter</b>	<b>SAC</b>
<b>Dialysis Center</b> (See <i>Clinic</i> in addition to the dialysis charge below)	<i>Use GSF Criteria</i>	-
Calculate the number of gallons for dialysis as follows: Dialysis – number of chairs x gallons/treatment x number of treatments/day + Dialyzer – number of chairs x gallons/treatment x number of treatments/day + Filters – number of filters x gallons/filter + Regeneration/Backwash – number of units x gallons/unit + <u>RO Reject – number of units x gallons/unit</u> Total number of gallons for SAC calculation	274 gallons	1
<b>Drive-In Restaurant</b>	9 parking spaces	1
<b>Elderly Housing</b> (Includes Assisted/Independent Living, 55+ Apartment, & Memory Care)	-	-
Office	2400 square feet	1
Meeting	1650 square feet	1
Warehouse/Loading Dock	7000 square feet	1
Parking Garage	*17 fixture units	1
Guest Unit (With washer/dryer)	1 unit	1
Guest Unit (No washer/dryer)	1 unit	0.80
Guest Unit (No kitchen and no washer/dryer)	1 unit	0.50
Nursing Home	2 beds	1
No washer/dryer in any unit ( <i>see formula below to determine number of residents</i> )	3 residents	1
Washer/dryer in unit ( <i>see formula below to determine number of residents</i> )	2.5 residents	1
Calculate the number of residents as follows: Number of studio/suite 1 bed units x 1.0 resident/unit + Number of studio/suite 2 bed units x 2.0 residents/unit + Number of one-bedroom units x 1.5 residents/unit + Number of two-bedroom units x 2.0 residents/unit + <u>Number of three-bedroom units x 3.0 residents/unit</u> Total number of residents for SAC calculation	-	-
<b>Fairgrounds</b> (For an open area without fixed limit of attendance and with buildings that have facilities connected to sanitary sewer)	<i>Contact MCES</i>	-
<b>Fire Station</b>	-	-
Office	2400 square feet	1
Meeting	1650 square feet	1
Warehouse/Storage	7000 square feet	1
Washing Machine (Residential-type, limited use)	*17 fixture units	1
Hose Tower	1 tower	1
Vehicle Washing (3.5 gallons per minute x 20 minutes x number of vehicles)	274 gallons	1
Full time, overnight people (75 gallons/person)	274 gallons	1
Volunteer (occasional overnight stays)	14 volunteers	1
Showers	*17 fixture units	1
Floor Drains	*17 fixture units	1

<b>Business Type</b>	<b>Parameter</b>	<b>SAC</b>
<b>Game Room</b> (e.g., billiards, video, pinball games and outdoor games; If area does not have a clear separation of space and has food or drink, calculate at <i>Food &amp; Drink GSF criteria</i> )	-	-
With liquor	590 square feet	1
Without liquor	2060 square feet	1
<b>Golf Course/Dome</b> <i>See Section 5.2.1.6 for discount</i>	-	-
18 hole	1 course	3
9 hole	1 course	2
Miniature Golf	1 course	3
Office	2400 square feet	1
Meeting	1650 square feet	1
Retail/Pro Shop	3000 square feet	1
Country Club Dining Room (members only; used evenings and weekends only; If open more hours, calculate at <i>Food &amp; Drink GSF criteria</i> ; Includes the gross square feet of the kitchen, wait area, kitchen/bar storage, seating area, and bathroom designated for the dining room)	450 square feet	1
Warehouse/Storage	7000 square feet	1
Showers/Locker Room	*17 fixture units	1
Cart Washing	1 bay	3
Tennis Courts	1 court	2
Fitness (e.g., weights, workout, track, handball/racquetball, etc.)	<i>Use GSF Criteria</i>	-
Barber/Salon Spa	<i>Use GSF Criteria</i>	-
Massage	<i>Use GSF Criteria</i>	-
Golf Dome or Driving Range	6 stations	1
<b>Greenhouse</b>	-	-
Area not open to the public (e.g., employees only)	15,000 square feet	1
Area open to the public	3000 square feet	1
<b>Group Home</b>	-	-
Secondary treatment (residents leave during the day)	5 beds	1
Primary treatment (residents stay all day)	3 beds	1
<b>Hangars (Corporate/Commercial)</b>	<i>Contact MCES</i>	-
<b>Hangars (Private/Individual Aircraft)</b>	1 hangar	1
Plane/Vehicle Washing (3.5 gallons per minute x 20 minutes x # of Bays)	274 gallons	1

<b>Business Type</b>	<b>Parameter</b>	<b>SAC</b>
<b>Hospital</b>	-	-
Licensed beds or baby cribs	1 bed/crib	1
Sleep Center/Overnight	5 beds	1
Clinic (outpatient)	<i>Use GSF Criteria</i>	-
Food & Drink (e.g., cafeteria, coffee shop)	<i>Use GSF Criteria</i>	-
Office (administration)	2400 square feet	1
Meeting (administration)	1650 square feet	1
Warehouse/Storage	7000 square feet	1
Showers (employee use only)	*17 fixture units	1
<b>Laundromat</b> (number of gallons of water per cycle x 8 cycles/day x # of washers of each type)	274 gallons	1
<b>Marina</b> (Dumping Station)	1 station	1
Areas Open to Public	<i>Contact MCES</i>	-
<b>Meals to Go</b> (prepared bulk meals)	-	-
# Meals prepared in one day x 1.5 gallons/meal ( <i>no dishwashing</i> )	274 gallons	1
<b>Memory Care</b> (see <i>Assisted Living</i> )	-	-
<b>Mini-Storage</b>	-	-
Apartment	1 apartment	1
Public Area/Storage	*17 fixture units	1
<b>Mobile Home</b>	1 unit	1
<b>Motel and Hotel</b> (no charge for pool/saunas, game rooms, or fitness used by guests only)	-	-
Hotel Room	2 rooms	1
Office	2400 square feet	1
Meeting	1650 square feet	1
Warehouse/Storage	7000 square feet	1
Parking Garage	*17 fixture units	1
Banquet	<i>Use GSF Criteria</i>	1
Food & Drink (non-complimentary)	<i>Use GSF Criteria</i>	1
Breakfast only (complimentary; includes the gross square feet of the kitchen, prep, storage, seating area, and designated bathrooms; if no kitchen there is no charge)	1350 square feet	1
Kitchenette (number of kitchenettes x 10 gallons/day)	274 gallons	1

<b>Business Type</b>	<b>Parameter</b>	<b>SAC</b>
<b>Museum/Exhibit Hall</b>	-	-
Exhibit Hall (gross square feet x 45% usable space @ 7 square feet/person)	64 people	1
Office	2400 square feet	1
Meeting	1650 square feet	1
Retail	3000 square feet	1
Warehouse/Storage	7000 square feet	1
Banquet	<i>Use GSF Criteria</i>	1
Food & Drink	<i>Use GSF Criteria</i>	1
Process Discharge	<i>Contact MCES</i>	-
<b>Nursing Home</b> ( <i>See Assisted Living</i> )	-	-
<b>Parking Garage</b> (if connected to sanitary sewer)	*17 fixture units	1
Vehicle Washing	1 bay	3
<b>Park Building</b> <i>See Section 5.2.1.6 for discount on which type receive discount</i>	*17 fixture units	1
Swimming Pool/Hot Tub	900 square feet	1
Splash Pads	<i>Contact MCES</i>	-
<b>Private Vehicle Storage and Maintenance Bays</b>	-	-
Private Vehicle Storage Garage & Maintenance Bays	7000 square feet	1
Vehicle Wash (3.5 gallons/minute x 15 minutes x # of bays)	274 gallons	1
<b>Community Building</b>	-	-
Office	2400 square feet	1
Meeting	1650 square feet	1
Warehouse/Storage	7000 square feet	1
Banquet	<i>Use GSF Criteria</i>	1
Shower	*17 fixture units	1
<b>Process Discharge</b>	<i>Contact MCES</i>	-
<b>Restaurant – Drive-In</b>	9 parking spaces	1
Food & Drink – Outdoor	1200 square feet	1
<b>Roller Rink (skating area only)</b>	825 square feet	1
Concessions	*17 fixture units	1
<b>Rooming House</b> (no food service)	7 beds	1
<b>RV Dumping Station</b> (not in association with campgrounds)	1 station	1
<b>Shooting Range</b> (rifle and handgun ranges, 6 feet/lane); <i>See Section 5.2.1.6 for discount</i>	6 lanes	1
<b>Tennis Court</b> (non-Residential); <i>See Section 5.2.1.6 for discount</i>	-	-
Shower facilities available	1 court	2
No showers available	5 courts	1

<b>Business Type</b>	<b>Parameter</b>	<b>SAC</b>
<b>Theater</b>	-	-
One show per day	110 seats	1
More than one show per day	64 seats	1
Non-fixed theater seating – one show per day	1000 square feet	1
Non-fixed theater seating – more than one show per day	500 square feet	1
Drive-in Theater (parking spaces)	55 spaces	1
Office	2400 square feet	1
Meeting	1650 square feet	1
Warehouse/Loading Dock	7000 square feet	1
Food & Drink (with customer seating, inside ticketed area)	*17 fixture units	1
Food & Drink (with customer seating, outside ticketed area)	<i>Use GSF Criteria</i>	-
<b>Treatment Center (includes nursing care; inpatient only)</b>	-	-
Inpatient Beds	2 beds	1
Office	2400 square feet	1
Meeting	1650 square feet	1
Warehouse/Loading Dock	7000 square feet	1
Parking Garage	*17 fixture units	1
Guest Unit (with kitchen and washer/dryer)	1 unit	1
Guest Unit (no washer/dryer)	1 unit	0.80
Guest Unit (no kitchen and no washer/dryer)	1 unit	0.50
<b>Vehicle Service (When 50% or more of building is warehouse/storage, if less than 50% see Gross Square Feet Criteria in Appendix A-1)</b>	-	-
Office	2400 square feet	1
Meeting	1650 square feet	1
Retail	3000 square feet	1
Service Bays – Fast Service (fewer than 4 hours per vehicle)	2 bays	1
Service Bays – Major Service (4 or more hours per vehicle)	14 bays	1
Warehouse/Storage	7000 square feet	1
Vehicle Drivers	28 drivers	1
Vehicle Washing	1 bay	3
Shower	*17 fixture units	1
Floor Drains	*17 fixture units	1
<b>Vichy Showers</b>	-	-
Vichy Shower – 4 shower heads or fewer per treatment station	1 treatment station	4
Vichy Shower – 5 or more showers heads per treatment station	1 treatment station	8
<b>Water Treatment Plants</b>	<i>Contact MCES</i>	-
<b>Yard Storage</b>	15,000 square feet	1

**\*Asterisks in Appendix A denote facilities whose Determinations are based on fixture units, as described below:**

<b>Type of Fixture</b> (including rough-ins)	<b>Fixture Unit Value (f.u.)</b>
<b>Bathtub</b>	17
<b>Drinking Fountain</b>	1
<b>Floor Drain</b> (1 f.u. per inch drain)	-
2" waste	2
3" waste	3
4" waste	4
<b>Shower</b>	-
Stall (Public/Multi-User)	17
Stall (Private/Single-User)	2
Gang Shower Head	1 per head
<b>Sinks</b>	-
Exam Room; Bathroom (per sink)	1
Breakroom (per sink)	2
Procedure; Others (per basin)	2
Surgeon (per basin)	3
Janitor; Service (per sink)	3
<b>Trench Drain</b> (per each 6-foot section)	2
<b>Urinal</b>	3
<b>Washing Machine</b> (limited use, residential-type)	2
<b>Water Closet</b>	6



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